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# *Financial Statements*

March 31, 2009 (Un-Audited)



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**FFC** FAUJI FERTILIZER COMPANY LIMITED  
93-Harley Street, Rawalpindi Tel: (051) 9272308-15



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**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  
Mr Khizar Hayat Khan

### 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 Quarter Ended March 31, 2009

Dear Shareholders,

We are pleased to present the unaudited financial and operating results of FFC, together with the unaudited consolidated financial statements of the Company and its subsidiary, Fauji Fertilizer Bin Qasim Ltd. (FFBL), for the first quarter ended March 31, 2009.

During the period under review, aggregate urea production from all three plants of the Company stood at 611 thousand tonnes as against 602 thousand tonnes produced last year, whereas, sales for the quarter at 613 thousand tonnes were marginally higher than the production for the quarter as well as the sales for the corresponding period last year. In addition, 114 thousand tonnes of granular urea and 105 thousand tonnes of 'Sona' DAP were marketed on behalf of FFBL by the Company. The combined urea market participation of the Company and FFBL at 47% for the quarter was lower by 11% compared to the corresponding period last year as urea manufacturers were not allowed to market urea imported by Trading Corporation of Pakistan which was sold entirely by NFML. The DAP market share at 55%, however, registered a growth of 21% compared to the corresponding period last year.

Sales revenue for the quarter at Rs. 8.23 billion was higher by 16% over last year, whereas, the operating / financing costs for the period increased by only 11% resulting in improvement in the operating margins by 3%. Investment income for the period, mainly comprising dividends from FFBL, increased by over 100% contributing additional 35% over and above the operating income, as opposed to 25% earned last year. Resultantly, net of tax profit for the period at Rs. 2.69 billion, with an EPS of Rs. 4.36 (2008: Rs. 2.82) was higher by Rs. 945 million compared to the corresponding period last year, which is an all time record. The encouraging first quarter 2009 results enable the Board to announce first interim dividend of Rs. 4.30 per share (43%) for 2009. The Board also recommends issue of 10% bonus shares subject to shareholders approval.

The recent rains during last Rabi positively impacted per acreage yield as well as crop health, which will compensate to some extent the under-application of fertilizer. However, excessive rains in March, during later part of the season, could have a negative impact on crops which are now at maturing stage. There is hope that adequate water availability and good commodity prices would induce increase in fertilizer application and we anticipate a strong demand in urea off-take for the remaining period of 2009 that should continue into 2010.

The duration and intensity of the global economic crisis are difficult to predict. This, however, does not alter the underlying fundamentals that drive long-term growth in demand for fertilizers. With the national population now in excess of 160 million, increasing by over 2% annually, sustained and improved crop yields, together with balanced



and proper fertilization are imperative. Successive record crop production in past years did not significantly improve self sufficiency in the agriculture sector and the stocks-to-use ratio is declining, resulting in food shortage in the Country.

In the current environment, the payback on appropriate and balanced application of fertilizers continues to be attractive for the farmers. If they do not plant sufficient acreage or do not apply enough fertilizer - even for a single season - the impact on national food supply could be severe. This challenge underscores the importance of enhancing yields and capitalizing on the opportunity for strong returns. Considerable potential exists for improvement through application of modern agricultural techniques and we believe that the corporate sector should come forward to consider and explore the possibility of setting up technologically sophisticated agro companies to increase agricultural productivity in the Country.

Management is focused on growth opportunities and continues to aggressively explore ways of improving profitability and minimizing business risks, emanating from economic, market, and climatic conditions. However, in view of shortage of gas in the Country and upcoming urea plants, further expansion and growth opportunities in production of urea by the Company are limited. Nevertheless, we shall continue to pursue our remaining expansion projects as we prepare for strong demand anticipated over at least the next five years, and remain committed towards diversification of our business line, particularly in the renewable energy sector and other allied agro based ventures.

The authorised share capital of the Company has been increased to Rs. 10 billion and after the issue of bonus shares, approved by the shareholders in their meeting held on February 27, 2009, the paid up capital of the Company stands increased to Rs. 6.168 billion as of March 31, 2009.

We are pleased to inform that Lt Gen Malik Arif Hayat HI(M), (Retired) has been appointed as the new Chief Executive & Managing Director of the Company and look forward to his valuable contribution in further strengthening the Company's business.

We expect the Company to achieve higher level of sales during 2009 due to capacity addition at our Mirpur Mathelo plant facility last year, and foresee another profitable year, Inshallah, for the stakeholders.

On behalf of the Board,



Rawalpindi  
April 23, 2009

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



*Condensed Interim  
Financial Statements*

## Condensed Balance Sheet

As at March 31, 2009

	Note	Un-audited March 31, 2009	Audited December 31, 2008
(Rupees '000)			
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	4	6,168,428	4,934,742
Capital reserve		160,000	160,000
Revenue reserves	5	7,057,231	7,190,471
		<u>13,385,659</u>	<u>12,285,213</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	6	4,923,512	5,378,214
Deferred tax		2,388,895	2,431,895
		<u>7,312,407</u>	<u>7,810,109</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		5,445,444	5,993,674
Interest and mark - up accrued		264,583	194,570
Short term borrowings		1,893,619	3,114,000
Current portion of long term financing		1,051,488	743,036
Taxation		2,049,724	1,778,361
		<u>10,704,858</u>	<u>11,823,641</u>
		<u>31,402,924</u>	<u>31,918,963</u>

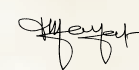
### CONTINGENCIES AND COMMITMENTS 7

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

	Note	Un-audited March 31, 2009	Audited December 31, 2008
(Rupees '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	12,932,808	12,730,813
Goodwill		1,569,234	1,569,234
Long term investments	9	7,903,929	7,744,779
Long term loans and advances		168,519	163,102
Long term deposits and prepayments		2,035	1,524
		<u>22,576,525</u>	<u>22,209,452</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		3,123,068	3,034,268
Stock in trade		179,988	258,094
Trade debts		261,910	495,929
Loans and advances		152,644	136,944
Deposits and prepayments		241,367	107,369
Other receivables		529,591	1,233,479
Short term investments	10	2,054,397	3,511,563
Cash and bank balances		2,283,434	931,865
		<u>8,826,399</u>	<u>9,709,511</u>
		<u>31,402,924</u>	<u>31,918,963</u>



Chairman



Chief Executive



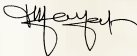
Director

**Condensed Interim Profit and Loss Account (Un-Audited)**  
**For the first quarter ended March 31, 2009**

	Note	March 31, 2009 (Rupees '000)	March 31, 2008 (Rupees '000)
Sales		8,232,976	7,121,270
Cost of sales	11	4,505,056	4,244,961
<b>GROSS PROFIT</b>		<b>3,727,920</b>	<b>2,876,309</b>
Distribution cost		753,336	648,938
		2,974,584	2,227,371
Finance cost		290,486	164,405
Other expenses		306,710	205,741
		2,377,388	1,857,225
Other income		1,290,279	612,403
<b>NET PROFIT BEFORE TAXATION</b>		<b>3,667,667</b>	<b>2,469,628</b>
Provision for taxation		981,163	728,474
<b>NET PROFIT AFTER TAXATION</b>		<b>2,686,504</b>	<b>1,741,154</b>
			<b>Restated</b>
Earnings per share - basic and diluted (Rupees)	12	4.36	2.82

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 first quarter ended March 31, 2009**

	March 31, 2009	March 31, 2008
	(Rupees '000)	
<b>Net profit after taxation</b>	2,686,504	1,741,154
<b>Other comprehensive income for the period</b>		
Surplus / (deficit) on remeasurement of investments available for sale to fair value	29,570	(1,037)
Income tax relating to component of other comprehensive income	(11,837)	188
<b>Other comprehensive income for the period - net of tax</b>	17,733	(849)
<b>Total comprehensive income for the period</b>	<u>2,704,237</u>	<u>1,740,305</u>

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

  
Chairman

  
Chief Executive

  
Director



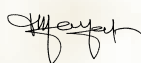
**Condensed Interim Cash Flow Statement (Un-Audited)**

**For the first quarter ended March 31, 2009**

	Note	March 31, 2009	March 31, 2008
(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	13	2,846,423	2,408,716
Finance cost paid		(220,473)	(200,442)
Income tax paid		(580,886)	(605,563)
Payment to gratuity fund		(74,715)	(50,327)
Payment to pension fund		(78,963)	(44,530)
Receipt from / (payment to) workers' profit participation fund		81,671	(470,000)
Net cash generated from operating activities		1,973,057	1,037,854
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(441,042)	(267,716)
Proceeds from sale of property, plant and equipment		5,782	721
Interest received		133,508	98,053
Decrease / (increase) in investments		294,808	(1,957,874)
Dividend received		1,069,274	475,233
Net cash generated from / (used in) investing activities		1,062,330	(1,651,583)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing - disbursement		–	500,000
– repayments		(146,250)	(15,000)
Decrease in short term borrowings		–	(2,931,081)
Dividends paid		(2,022,278)	(2,242,577)
Net cash used in financing activities		(2,168,528)	(4,688,658)
Net decrease in cash and cash equivalents		866,859	(5,302,387)
Cash and cash equivalents at beginning of the period		739,929	3,344,262
Effect of exchange rate changes		347	–
Cash and cash equivalents at end of the first quarter		1,607,135	(1,958,125)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		2,283,434	450,624
Short term running finance		(1,893,619)	(3,551,411)
Short term highly liquid investments		1,217,320	1,142,662
		1,607,135	(1,958,125)

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

  
Chairman

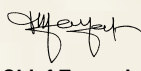
  
Chief Executive

  
Director

**Condensed Interim Statement of Changes in Equity (Un-Audited)**  
**For the first quarter ended March 31, 2009**

	Revenue reserves					
	Surplus/(deficit) on remeasurement of investments available for					
	Share capital	Capital reserve	sale to fair value	General reserve	Unappropriated profit	Total
	(Rupees' 000')					
Balance at January 1, 2008	4,934,742	160,000	38,154	5,940,000	1,657,149	12,730,045
Changes in equity for first quarter 2008:						
Transfer from general reserve	-	-	-	(100,000)	100,000	-
Final dividend 2007:Rs. 3.50 per share	-	-	-	-	(1,727,160)	(1,727,160)
Total comprehensive income for the quarter	-	-	(849)	-	1,741,154	1,740,305
<b>Balance at March 31, 2008</b>	<b>4,934,742</b>	<b>160,000</b>	<b>37,305</b>	<b>5,840,000</b>	<b>1,771,143</b>	<b>12,743,190</b>
Balance at January 1, 2009	4,934,742	160,000	(23,121)	5,840,000	1,373,592	12,285,213
Changes in equity for first quarter 2009:						
Transfer from general reserve	-	-	-	(250,000)	250,000	-
Bonus shares issued	1,233,686	-	-	(1,233,686)	-	-
Final dividend 2008:Rs. 3.25 per share	-	-	-	-	(1,603,791)	(1,603,791)
Total comprehensive income for the quarter	-	-	17,733	-	2,686,504	2,704,237
<b>Balance at March 31, 2009</b>	<b>6,168,428</b>	<b>160,000</b>	<b>(5,388)</b>	<b>4,356,314</b>	<b>2,706,305</b>	<b>13,385,659</b>

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, 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 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 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, 2008.

**4. SHARE CAPITAL**

**ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

(Numbers)			Un-audited	Audited
March 31, 2009	December 31, 2008		March 31, 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
360,346,884	236,978,328	Ordinary shares of Rs 10 each issued as fully paid bonus shares.	3,603,469	2,369,783
<u>616,842,786</u>	<u>493,474,230</u>		<u>6,168,428</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)

**5. REVENUE RESERVES**

	March 31, 2009	December 31, 2008
	(Rupees '000)	
General reserve	4,356,314	5,840,000
Deficit on remeasurement of available for sale investments to fair value - net of tax	(5,388)	(23,121)
Unappropriated profit	<u>2,706,305</u>	<u>1,373,592</u>
	<u>7,057,231</u>	<u>7,190,471</u>

## Notes to the Condensed Interim Financial Statements

For the first quarter ended March 31, 2009

	Note	Un-audited March 31, 2009 (Rupees '000)	Audited December 31, 2008
<b>6. LONG TERM BORROWINGS</b>			
Long term financing - secured	6.1	5,975,000	6,121,250
Less: Amount payable within twelve months shown as current maturity		1,051,488	743,036
		<u>4,923,512</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		(146,250)	(1,022,500)
Closing balance		<u>5,975,000</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		156,165	156,165
<b>(b) Commitments in respect of:</b>			
(i) Capital expenditure		2,785,493	3,122,914
(ii) Purchase of fertilizer, stores, spares and other revenue items.		307,434	201,521
(iii) Rentals under lease agreements:			
Premises		78,492	78,078
Vehicles		303,451	248,455

**Notes to the Condensed Interim Financial Statements**

**For the first quarter ended March 31, 2009**

	Note	Un-audited March 31, 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		441,042	4,590,988
Written down value of disposals /adjustments		(499)	(1,359,151)
Depreciation		(238,548)	(891,514)
Closing written down value		<u>12,932,808</u>	<u>12,730,813</u>
<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		266,340	232,647
Pakistan Investment Bonds		602,092	568,271
Term Finance Certificates		133,202	47,453
		<u>1,001,634</u>	<u>848,371</u>
		<u>7,959,889</u>	<u>7,806,626</u>
Less: Current portion shown under short term investments	10		
Investments available for sale			
Certificates of investment		55,941	61,828
Term Finance Certificate		19	19
		<u>55,960</u>	<u>61,847</u>
		<u>7,903,929</u>	<u>7,744,779</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)		348,000	1,875,000
Foreign currency		1,048,720	1,033,936
Investment at fair value through profit or loss - held for trading		601,717	540,780
Current maturity of long term investments		<u>55,960</u>	<u>61,847</u>
		<u>2,054,397</u>	<u>3,511,563</u>



**Notes to the Condensed Interim Financial Statements (Un-Audited)**  
**For the first quarter ended March 31, 2009**

	<b>March 31, 2009</b>	<b>March 31, 2008</b>
	<b>(Rupees '000)</b>	
<b>11. COST OF SALES</b>		
Raw materials consumed	1,847,634	1,465,820
Fuel and power	1,326,953	835,442
Chemicals and supplies	67,366	42,636
Salaries, wages and benefits	491,436	360,129
Training and employees welfare	89,579	64,761
Rent, rates and taxes	6,219	5,854
Insurance	33,925	25,446
Travel and conveyance	46,541	27,397
Repairs and maintenance	167,628	183,080
Depreciation	233,129	209,225
Communication and other expenses	161,760	108,896
Opening stock - work in process	44,699	16,319
Closing stock - work in process	(30,895)	(18,014)
Cost of goods manufactured	4,485,974	3,326,991
Add: Opening stock of manufactured urea	66,842	164,714
Less: Closing stock of manufactured urea	(52,393)	(137,392)
	14,449	27,322
Cost of sales of own manufactured urea	4,500,423	3,354,313
Opening stock of purchased fertilizers	33,683	395,452
Purchase of fertilizers for resale	—	1,699,442
	33,683	2,094,894
Less: Closing stock of purchased fertilizers	(29,050)	(1,204,246)
Cost of sales of purchased fertilizers	4,633	890,648
	4,505,056	4,244,961

		<b>Restated</b>
<b>12. EARNINGS PER SHARE</b>		
Net profit after tax (Rupees '000)	2,686,504	1,741,154
Weighted average number of shares in issue during the period - (Number '000)	616,843	616,843
Basic and diluted earnings per share (Rupees)	4.36	2.82

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

Number of shares in issue during the quarter ended March 31, 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 first quarter ended March 31, 2009**

	<b>March 31, 2009</b>	<b>March 31, 2008</b>
	<b>(Rupees '000)</b>	
<b>13. CASH GENERATED FROM OPERATIONS</b>		
Net profit before taxation	3,667,667	2,469,628
Adjustments for:		
Depreciation	237,577	214,041
Provision for gratuity	24,225	13,132
Provision for pension	18,343	10,504
Provision for workers' profit participation fund	196,896	132,580
Provision for workers' welfare fund	73,353	49,392
Finance cost	290,486	164,405
Income on loans, deposits and investments	(116,184)	(99,975)
Gain on sale of property, plant and equipment	(5,284)	(716)
Exchange (gain) / loss	(15,213)	37,797
Gain on remeasurement of investment at fair value through profit or loss	(77,358)	(27,666)
Dividend income	(1,069,274)	(475,233)
	<u>(442,433)</u>	<u>18,261</u>
	3,225,234	2,487,889
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	(88,800)	(720,581)
Stock in trade	78,106	(771,739)
Trade debts	234,019	1,128,523
Loans and advances	(15,700)	(60,972)
Deposits and prepayments	(133,998)	(18,742)
Other receivables	(100,467)	620,443
Decrease in current liabilities		
Trade and other payables	(346,043)	(251,806)
	<u>(372,883)</u>	<u>(74,874)</u>
Changes in long term loans and advances	(5,417)	(4,738)
Changes in long term deposits and prepayments	(511)	439
	<u>2,846,423</u>	<u>2,408,716</u>

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

For the first quarter ended March 31, 2009

### 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, 2009	March 31, 2008
	(Rupees '000)	
<b>Transactions with subsidiary company</b>		
Marketing of fertilizer on behalf of FFBL under sale on consignment basis	63,715	67,520
Commission on sale of FFBL products	4,391	3,587
Services and materials provided	39,673	446
Services and materials received	2,130	1,025
Dividend income	1,069,274	475,233
Balance payable - unsecured	341,878	413,529 *
<b>Transactions with associated undertakings/ companies due to common directorship</b>		
Sale of fertilizer	1,224	—
Medical services	6	—
Office rent	882	817
Dividends paid	711,281	765,995
Purchase of gas as feed and fuel stock	2,783,509	2,071,661
Technical services received	7,532	6,138
Balance receivable - unsecured	29	29 *
Balance payable - unsecured	509,471	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 345 (2008:1 and 319) respectively	248,523	213,775
<b>Payments to:</b>		
Employees' Provident Fund Trust	51,998	41,481
Employees' Gratuity Fund Trust	74,715	50,327
Employees' Pension Fund Trust	78,963	44,530
Workers' Profit Participation Fund	—	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 first quarter ended March 31, 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 April 23, 2009 have proposed first interim dividend of Rs 4.30 per share and bonus shares of 0.10 per share.
- 15.3** These financial statements have been authorised for issue by the Board of Directors of the Company on April 23, 2009.



**Chairman**



**Chief Executive**



**Director**



*Condensed Interim  
Consolidated  
Financial Statements*



## Condensed Interim Consolidated Balance Sheet

As at March 31, 2009

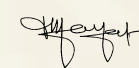
	Note	Un-audited March 31, 2009 (Rupees '000)	Audited December 31, 2008
<b>EQUITY AND LIABILITIES</b>			
<b>ATTRIBUTABLE TO EQUITY HOLDERS OF FAUJI FERTILIZER COMPANY LIMITED</b>			
Share capital	4	6,168,428	4,934,742
Capital reserve		757,983	853,594
Revenue reserves	5	6,304,723	7,470,754
		13,231,134	13,259,090
<b>NON-CONTROLLING INTERESTS</b>		4,078,530	5,151,378
<b>TOTAL EQUITY</b>		17,309,664	18,410,468
<b>NON - CURRENT LIABILITIES</b>			
Long term borrowings	6	10,678,644	11,247,252
Deferred taxation		6,432,568	6,640,243
		17,111,212	17,887,495
<b>CURRENT LIABILITIES</b>			
Trade and other payables		10,309,804	11,825,359
Interest and mark-up accrued		517,903	788,156
Short term borrowings		12,369,205	21,371,082
Current portion of long term:			
- Financing		1,468,432	1,159,980
- Murabaha		38,679	38,679
- Loans		648,201	648,201
Taxation		2,049,724	1,778,671
		27,401,948	37,610,128
		61,822,824	73,908,091
<b>CONTINGENCIES AND COMMITMENTS 7</b>			

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

	Note	Un-audited March 31, 2009 (Rupees '000)	Audited December 31, 2008
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant & equipment	8	28,571,437	28,577,917
Goodwill		1,569,234	1,569,234
Long term investments			
Equity accounted investments	9.1	4,911,343	5,024,447
Other long term investments	9.2	945,674	786,525
Long term loans and advances		168,519	163,102
Long term deposits and prepayments		17,263	16,752
		36,183,470	36,137,977
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		4,744,857	4,456,835
Stock in trade		5,661,689	5,934,833
Trade debts		485,026	781,383
Loans and advances		221,089	201,581
Deposits and prepayments		263,955	112,245
Other receivables		5,771,192	13,898,285
Short term investments	10	2,054,397	3,511,563
Cash and bank balances		6,437,149	8,873,389
		25,639,354	37,770,114
		61,822,824	73,908,091



Chairman



Chief Executive



Director

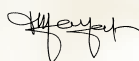
**Condensed Interim Consolidated Profit and Loss Account (Un-Audited)**  
**For the first quarter ended March 31, 2009**

	Note	March 31, 2009 (Rupees '000)	March 31, 2008
Sales		14,093,754	9,129,688
Cost of sales	11	9,541,977	5,647,174
<b>GROSS PROFIT</b>		4,551,777	3,482,514
Administrative expenses and distribution cost		1,181,258	970,351
		3,370,519	2,512,163
Finance cost		918,607	359,898
Other expenses		307,540	224,676
		2,144,372	1,927,589
Other income		464,271	291,189
Share of profits of associate and joint venture		29,061	–
<b>NET PROFIT BEFORE TAXATION</b>		2,637,704	2,218,778
Provision for taxation		977,813	790,767
<b>NET PROFIT AFTER TAXATION</b>		1,659,891	1,428,011
<b>ATTRIBUTABLE TO:</b>			
Equity holders of Fauji Fertilizer Company Limited		1,653,713	1,348,385
Non-controlling interests		6,178	79,626
		1,659,891	1,428,011

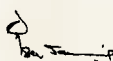
The annexed notes 1 to 14 form an integral part of these condensed interim consolidated financial statements.



Chairman



Chief Executive



Director


**Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)**  
**For the first quarter ended March 31, 2009**

	March 31, 2009	March 31, 2008
	(Rupees '000)	
Net profit after taxation	1,659,891	1,428,011
<b>Other comprehensive income for the quarter</b>		
Exchange difference on translating foreign investment	(218,716)	—
Surplus / (deficit) on remeasurement to fair value of investments available for sale	29,570	(1,037)
	(189,146)	(1,037)
Income tax relating to component of other comprehensive income	64,714	188
<b>Other comprehensive income for the quarter - net of tax</b>	(124,432)	(849)
<b>Total comprehensive income for the quarter</b>	<u>1,535,459</u>	<u>1,427,162</u>
<b>ATTRIBUTABLE TO:</b>		
Equity holders of Fauji Fertilizer Company Limited	1,575,835	1,347,536
Non-controlling interests	(40,376)	79,626
	<u>1,535,459</u>	<u>1,427,162</u>

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

  
Chairman

  
Chief Executive

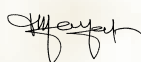
  
Director

**Condensed Interim Consolidated Cash Flow Statement (Un-Audited)**  
**For the first quarter ended March 31, 2009**

	Note	March 31, 2009	March 31, 2008
		(Rupees '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	12	8,879,292	2,272,927
Payments for:			
Finance cost paid		(1,188,406)	(395,830)
Income tax paid		(691,039)	(619,851)
Payment to Gratuity Fund		(74,715)	(50,327)
Payment to Pension Fund		(78,963)	(44,530)
Receipt from / (Payment to) workers' profit participation fund		62,780	(488,069)
		(1,970,343)	(1,598,607)
Net cash generated from operating activities		6,908,949	674,320
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(532,954)	(642,401)
Proceeds from sale of property, plant and equipment		6,573	2,043
Investment in Fauji Cement Company Limited		–	(1,800,000)
Interest received		328,936	231,125
Decrease / (increase) in investments		329,887	(1,257,874)
Net cash generated from / (used in) investing activities		132,442	(3,467,107)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing - disbursements		–	500,000
- repayments		(250,486)	(119,237)
Long term murabaha - repayments		(9,670)	(9,669)
Finance lease paid		–	(711)
Decrease in short term borrowings		–	(2,931,081)
Dividends paid		(1,920,689)	(2,708,488)
Net cash used in financing activities		(2,180,845)	(5,269,186)
Net increase / (decrease) in cash and cash equivalents		4,860,546	(8,061,973)
Cash and cash equivalents at beginning of the period		(9,575,629)	2,819,490
Effect of exchange rate changes		347	–
Cash and cash equivalents at end of the first quarter		(4,714,736)	(5,242,483)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		6,437,149	2,510,544
Short term running finances		(12,369,205)	(10,495,689)
Short term highly liquid investments		1,217,320	2,742,662
		(4,714,736)	(5,242,483)

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, 2009**

	Attributable to equity holders of Fauji Fertilizer Company Limited						Non-controlling interests	Total
	Capital reserves			Revenue reserves				
	Share capital	Capital reserve	Translation reserve	Surplus(deficit) on remeasurement of available for sale investments to fair value		General reserve	Unappropriated profit	
				(Rupees '000')				
Balance at January 01, 2008	4,934,742	276,184	-	38,154	5,940,000	1,117,591	4,179,969	16,486,640
Changes in equity for first quarter 2008:								
Transfer from general reserve	-	-	-	-	(100,000)	100,000	-	-
FFC Final dividend 2007: Rs 3.50 per share	-	-	-	-	-	(1,727,160)	-	(1,727,160)
Total comprehensive income for the quarter	-	-	-	(849)	-	1,348,385	79,626	1,427,162
Dividend to FFBL non – controlling interests								
Final dividend 2007: Rs 1.00 per share	-	-	-	-	-	-	(458,877)	(458,877)
<b>Balance at March 31, 2008</b>	<u>4,934,742</u>	<u>276,184</u>	<u>-</u>	<u>37,305</u>	<u>5,840,000</u>	<u>838,816</u>	<u>3,800,718</u>	<u>15,727,765</u>
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
Changes in equity for first quarter 2009:								
Transfer from general reserve	-	-	-	-	(250,000)	250,000	-	-
Bonus shares issued	1,233,686	-	-	-	(1,233,686)	-	-	-
FFC Final dividend 2008: Rs 3.25 per share	-	-	-	-	-	(1,603,791)	-	(1,603,791)
Exchange difference on translating joint venture	-	-	(95,611)	-	-	-	(46,554)	(142,165)
Total comprehensive income for the quarter	-	-	-	17,733	-	1,653,713	6,178	1,677,624
Dividend to FFBL non - controlling interests								
Final dividend 2008: Rs 2.25 per share	-	-	-	-	-	-	(1,032,472)	(1,032,472)
<b>Balance at March 31, 2009</b>	<u>6,168,428</u>	<u>276,184</u>	<u>481,799</u>	<u>(5,388)</u>	<u>4,356,314</u>	<u>1,953,797</u>	<u>4,078,530</u>	<u>17,309,664</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, 2009**

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 un-audited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. These interim 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 judgements, 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 for the year ended December 31, 2008.

**4. SHARE CAPITAL**

**ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

(Numbers)			Un-audited	Audited
March 31,	December 31,		March 31,	December 31,
2009	2008		2009	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
360,346,884	236,978,328	Ordinary shares of Rs 10 each issued as fully paid bonus shares.	3,603,469	2,369,783
<u>616,842,786</u>	<u>493,474,230</u>		<u>6,168,428</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)

		Un-audited	Audited
		March 31,	December 31,
Note		2009	2008
		(Rupees '000)	
<b>5. REVENUE RESERVES</b>			
General reserve		4,356,314	5,840,000
Deficit on remeasurement of available for sale investments to fair value - net of tax		(5,388)	(23,121)
Unappropriated profit		<u>1,953,797</u>	<u>1,653,875</u>
		<u>6,304,723</u>	<u>7,470,754</u>
<b>6. LONG TERM BORROWINGS</b>			
Long term financing - secured	6.1	6,913,124	7,163,610
Long term murabaha - secured	6.2	87,026	96,696
Long term loan - Government of Pakistan loan - FFBL (Un-secured)	6.3	<u>5,833,806</u>	<u>5,833,806</u>
		<u>12,833,956</u>	<u>13,094,112</u>
Less: Amount payable within twelve months shown as current maturity		<u>2,155,312</u>	<u>1,846,860</u>
		<u>10,678,644</u>	<u>11,247,252</u>

# Notes to the Condensed Interim Consolidated Financial Statements

For the first quarter ended March 31, 2009

	Un-audited March 31, 2009	Audited December 31, 2008
	(Rupees '000)	
<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	(250,486)	(1,439,444)
Closing balance	<u>6,913,124</u>	<u>7,163,610</u>
<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	(9,670)	(38,677)
Closing balance	<u>87,026</u>	<u>96,696</u>
<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)
Closing balance	<u>5,833,806</u>	<u>5,833,806</u>
<b>7. CONTINGENCIES AND COMMITMENTS</b>		
<b>a) Contingencies</b>		
i) Guarantees issued by banks on behalf of the Group companies.	48,942	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.	41,306	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 December 31, 2008.	172,056	172,056
<b>b) Commitments</b>		
i) Capital expenditure.	2,868,145	3,141,478
ii) Purchase of fertilizer, stores, spares and other revenue items.	2,263,957	768,402
iii) Rentals under lease agreements:		
Premises	78,492	78,078
Vehicles	303,451	248,455

**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the first quarter ended March 31, 2009**

	Note	Un-audited March 31, 2009 (Rupees '000)	Audited December 31, 2008
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>			
Opening written down value		28,577,917	26,848,753
Additions during the period/year		532,954	5,430,679
Written down value of disposals/ adjustments		(499)	(1,619,929)
Depreciation during the period/ year		(538,935)	(2,081,586)
Closing written down value		28,571,437	28,577,917
<b>9. LONG TERM INVESTMENTS</b>			
Equity accounted investments	9.1	4,911,343	5,024,447
Other long term investments	9.2	945,674	786,525
		5,857,017	5,810,972
<b>9.1 Equity accounted investments</b>			
<b>Investment in associated company</b>			
<b>Fauji Cement Company Limited</b>			
Cost of investment		1,800,000	1,800,000
Share of post acquisition profits		106,050	65,256
Balance as at March 31, 2009		1,906,050	1,865,256
<b>Investment in joint venture</b>			
<b>Pakistan Maroc Phosphore S.A.Morocco</b>			
Cost of investments		2,117,075	2,117,075
Share of profits		171,785	183,518
Gain on translation of net assets		716,433	858,598
Balance as at March 31, 2009		3,005,293	3,159,191
		4,911,343	5,024,447
<b>9.2 Other long term investments</b>			
<b>Investment available for sale</b>			
Certificates of investment		266,340	232,648
Pakistan Investment Bonds		602,092	568,271
Term Finance Certificates		133,202	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)
		—	—
		1,001,634	848,372
<b>Less: Current portion shown under short term investments</b>	10		
<b>Investments available for sale</b>			
Certificates of investment		55,941	61,828
Term Finance Certificates		19	19
		55,960	61,847
		945,674	786,525

**Notes to the Condensed Interim Consolidated Financial Statements (Un-Audited)**  
**For the first quarter ended March 31, 2009**

	<b>Un-audited March 31, 2009</b>	<b>Audited December 31, 2008</b>
	<b>(Rupees '000)</b>	
<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 13,000 thousand)	348,000	1,875,000
Foreign Currency	1,048,720	1,033,936
<b>Investments at fair value through profit or loss - held for trading</b>	601,717	540,780
<b>Current maturity of long term investments</b>	55,960	61,847
	<u>2,054,397</u>	<u>3,511,563</u>
	<b>March 31, 2009</b>	<b>March 31, 2008</b>
	<b>(Rupees '000)</b>	
<b>11. COST OF SALES</b>		
Raw materials consumed	4,001,448	2,454,991
Fuel and power	1,728,637	1,175,897
Chemicals and supplies	107,118	68,214
Salaries, wages and benefits	784,040	547,057
Training and employees welfare	89,579	64,761
Rent, rates and taxes	12,241	11,443
Insurance	51,318	38,647
Travel and conveyance	59,894	35,479
Repairs and maintenance	509,372	354,229
Depreciation	532,521	483,989
Communication and other expenses	169,732	113,935
Opening stock - work in process	48,301	29,791
Closing stock - work in process	(84,098)	(24,489)
Subsidy on DAP fertilizer from GOP - FFBL	—	(245,603)
Cost of goods manufactured	8,010,103	5,108,341
Add: Opening stock of manufactured fertilizers	5,650,302	416,980
Less: Closing stock of manufactured fertilizers	(4,123,061)	(833,661)
	<u>1,527,241</u>	<u>(416,681)</u>
Cost of sales of own manufactured fertilizers	9,537,344	4,691,660
Opening stock of purchased fertilizers	33,683	396,698
Purchase of fertilizers for resale	—	1,769,571
	<u>33,683</u>	<u>2,166,269</u>
Less: Closing stock of purchased fertilizers	(29,050)	(1,210,755)
Cost of sale of purchased fertilizers	<u>4,633</u>	<u>955,514</u>
	<u>9,541,977</u>	<u>5,647,174</u>

**Notes to the Condensed Interim Consolidated Financial Statements (Un-Audited)**  
**For the first quarter ended March 31, 2009**

	March 31, 2009	March 31, 2008
	(Rupees '000)	
<b>12. CASH GENERATED FROM OPERATIONS</b>		
Net profit before taxation	2,637,704	2,218,778
Adjustments for:		
Depreciation	537,964	489,685
Provision for gratuity	33,496	17,577
Provision for pension	18,343	10,504
Provision for Worker's Profit Participation Fund	197,391	144,738
Provision for workers' welfare fund	73,353	49,392
Finance cost	918,607	359,898
Income on loans, deposits and investments	(313,269)	(204,802)
Share of profits of associate and joint venture	(29,061)	–
Gain on sale of property, plant and equipment	(6,075)	(905)
Exchange (gain) / loss	(15,213)	37,797
Gain on remeasurement of investments at fair value through profit or loss	(112,437)	(78,654)
	1,303,099	825,230
	3,940,803	3,044,008
Changes in working capital		
(Increase) / decrease in current assets:		
Stores and spares	(288,022)	(705,101)
Stock in trade	273,144	(1,560,382)
Trade debts	296,357	1,287,112
Loans and advances	(19,508)	(59,603)
Deposits and prepayments	(151,710)	(15,444)
Other receivables	7,821,939	709,562
Decrease in current liabilities:		
Trade and other payables	(2,987,783)	(422,926)
	4,944,417	(766,782)
Changes in long term loans and advances	(5,417)	(4,738)
Changes in long term deposits and prepayments	(511)	439
	8,879,292	2,272,927



**Notes to the Condensed Interim Consolidated Financial Statements (Un-Audited)**  
**For the first quarter ended March 31, 2009**

**13. 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:

	<b>March 31, 2009</b>	<b>March 31, 2008</b>
	<b>(Rupees '000)</b>	
<b>Transactions with associated undertakings/ companies due to common directorship</b>		
Sale of fertilizer	2,880	—
Rent charged to Group Companies	1,107	1,021
Dividends paid	711,281	915,976
Repayment of principal portion of long term finance	11,429	11,429
Financial charges	3,243	3,498
Medical services	6	—
Purchase of gas as feed and fuel stock	2,783,509	2,071,661
Technical services received	7,532	6,138
Balance payable	509,471	474,808 *
Balance receivable - unsecured	1,709	1,871 *
<b>Transactions with joint venture company</b>		
Raw material purchased	2,757,012	992,713
Expenses incurred on behalf of joint venture company	5,594	2,959
Balances payable at the year end - secured	1,347,981	4,212,313 *
Balance receivable at the year end - secured	12,604	20,501 *
<b>Other related parties</b>		
Remuneration including benefits and perquisites of Chief Executives and Executives, No. of persons 2009: 2 and 497 (2008: 2 and 427)	466,440	342,838
<b>Payments to:</b>		
Employees' Provident Fund Trust	57,415	45,203
Employees' Gratuity Fund Trust	83,986	54,772
Employees' Pension Fund Trust	78,963	44,530
Workers' Profit Participation Fund	18,891	488,069
Balances (receivable)/ payable -unsecured	792,379	(636,220) *

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

**Notes to the Condensed Interim Consolidated Financial Statements (Un-Audited)**  
**For the first quarter ended March 31, 2009**

**14. GENERAL**

- 14.1** The Board of Directors of FFC in their meeting held on April 23, 2009 proposed a first interim dividend of Rs 4.30 per share and bonus shares of 0.10 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 23, 2009.



**Chairman**



**Chief Executive**



**Director**