

1st Quarterly FINANCIAL STATEMENTS

March 31, 2010 (Un-Audited)

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

Mr Jorgen Madsen
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 Siddiqi
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: +92-68-5786420-9, 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: +92-42-36369137-40, Fax: +92-42-36366324

KARACHI OFFICE

B-35, KDA Scheme No. 1, Karachi.
Tel: +92-21-34390115-16, Fax: +92-21-34390117 & 34390122

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: +92-21-35655595

Directors' Review

For the Quarter Ended March 31, 2010

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 Limited (FFBL), for the first quarter ended March 31, 2010.

The Company produced 626 thousand tonnes of urea at 124% of combined designed capacity, which was 2% higher than the production for corresponding period last year. Industry urea production of 1,164 thousand tonnes for the period was 1% higher than 1,148 thousand tonnes produced during the same period in 2009.

During the period under review, urea sales of the Company stood at 624 thousand tonnes compared to 613 thousand tonnes last year despite decrease in Industry urea sales to 1,413 thousand tonnes from 1,540 thousand tonnes (including imported urea sold by NFML) during the corresponding period last year. Combined urea market participation of the Company and FFBL at 51% was higher by 9% compared to the share for corresponding period last year.

FFBL's DAP sales of 107 thousand tonnes were 2% higher compared to last year. Industry DAP sales of 205 thousand tonnes remained high during the quarter registering a growth of 8% over the same period last year as higher international prices resulted in speculative buying in the market.

Total installed capacity after commissioning of additional plants in the Country will be 6.3 million tonnes as against the expected demand of 6.5 million tonnes in 2011. With expected annual growth rate of 3%, the demand for urea will reach 6.9 million tonnes by 2013. However, keeping in view the shortage of gas in the Country, further expansion and growth opportunities in production of urea are limited.

Regarding the Wind Power Project, the final term sheet for loan financing was signed with a consortium of banks in January 2010. Engineering, Procurement & Commissioning and Operation & Maintenance contracts were signed with Nordex Singapore / Descon in January 2010. Applications for generation license and tariff determination have been filed with NEPRA.

Sales revenue for the quarter at Rs. 9.499 billion was higher by 15% compared to revenue last year due to 2% higher volume and higher net average selling price of urea. This contributed to net of tax profit for the period at Rs. 2.729 billion, 2% higher compared to the earnings last year. Consequently, EPS at Rs. 4.02 was higher by Re. 0.06 compared to EPS for corresponding period last year. Considering the good results, the Board is pleased to announce first interim dividend of Rs. 4 per share (40%) for 2010.

The Management of the Company is focused on growth opportunities and continues to aggressively explore ways of improving profitability and operational efficiency whilst minimizing business risks emanating from economic, market upheavals and climate changes. We remain optimistic about the Company's future prospects.

On behalf of the Board



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

Houston, Texas USA
April 29, 2010



Condensed Interim
Financial Statements

Condensed Interim Balance Sheet

As at March 31, 2010

		Un-audited March 31, 2010	Audited December 31, 2009
	Note		
		(Rupees '000)	
EQUITY AND LIABILITIES			
EQUITY			
Share capital	4	6,785,271	6,785,271
Capital reserves		160,000	160,000
Revenue reserves	5	6,648,450	6,137,171
		13,593,721	13,082,442
NON-CURRENT LIABILITIES			
Long term borrowings	6	3,124,107	4,578,809
Deferred taxation		3,008,340	3,035,757
		6,132,447	7,614,566
CURRENT LIABILITIES			
Trade and other payables		5,705,649	8,002,897
Interest and mark - up accrued		162,888	147,329
Short term borrowings		1,043,001	6,088,348
Current portion of long term borrowings		2,799,405	1,799,405
Taxation		2,797,134	1,816,595
		12,508,077	17,854,574
		32,234,245	38,551,582

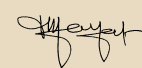
CONTINGENCIES AND COMMITMENTS 7

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

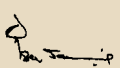
		Un-audited March 31, 2010	Audited December 31, 2009
	Note		
		(Rupees '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	14,095,963	13,993,518
Goodwill		1,569,234	1,569,234
Long term investments	9	7,629,914	7,727,528
Long term loans and advances		402,477	337,541
Long term deposits and prepayments		7,062	6,305
		23,704,650	23,634,126
CURRENT ASSETS			
Stores, spares and loose tools		3,011,425	2,996,633
Stock in trade		489,666	144,087
Trade debts		258,743	256,886
Loans and advances		149,706	130,219
Deposits and prepayments		201,907	37,653
Other receivables		583,279	734,062
Short term investments	10	3,240,776	6,768,568
Cash and bank balances		594,093	3,849,348
		8,529,595	14,917,456
		32,234,245	38,551,582



Chairman



Chief Executive




Director

Condensed Interim Profit and Loss Account (Un-Audited)
For the first quarter ended March 31, 2010

	Note	March 31, 2010 (Rupees '000)	March 31, 2009
Sales		9,498,815	8,232,976
Cost of sales	11	5,454,698	4,505,056
GROSS PROFIT		4,044,117	3,727,920
Distribution cost		902,550	753,336
		3,141,567	2,974,584
Finance cost		263,508	290,486
Other expenses		319,038	306,710
		2,559,021	2,377,388
Other income		1,262,066	1,290,279
NET PROFIT BEFORE TAXATION		3,821,087	3,667,667
Provision for taxation		1,092,000	981,163
NET PROFIT AFTER TAXATION		2,729,087	2,686,504
			Restated
Earnings per share - basic and diluted (Rupees)	12	4.02	3.96

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, 2010

	March 31, 2010	March 31, 2009
	(Rupees '000)	
Net profit after taxation	2,729,087	2,686,504
Other comprehensive income for the quarter		
(Deficit) / surplus on remeasurement of investments available for sale to fair value	(13,012)	29,570
Income tax relating to component of taxable comprehensive income	417	(11,837)
Other comprehensive income for the quarter - net of tax	(12,595)	17,733
Total comprehensive income for the quarter	<u>2,716,492</u>	<u>2,704,237</u>

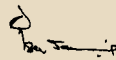
The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive



Director


Condensed Interim Cash Flow Statement (Un-Audited)

For the first quarter ended March 31, 2010

	Note	March 31, 2010	March 31, 2009
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	2,549,255	2,846,423
Finance cost paid		(247,949)	(220,473)
Income tax paid		(138,461)	(580,886)
Payment to gratuity fund		(63,710)	(74,715)
Payment to pension fund		(77,446)	(78,963)
Receipt from workers' profit participation fund		–	81,671
Net cash generated from operating activities		2,021,689	1,973,057
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(394,512)	(441,042)
Proceeds from sale of property, plant and equipment		4,897	5,782
Interest received		134,109	133,508
Decrease in investments		1,582,582	294,808
Dividend received		1,069,274	1,069,274
Net cash generated from investing activities		2,396,350	1,062,330
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term borrowings - repayments		(454,702)	(146,250)
Dividends paid		(4,224,781)	(2,022,278)
Net cash used in financing activities		(4,679,483)	(2,168,528)
Net (decrease) / increase in cash and cash equivalents		(261,444)	866,859
Cash and cash equivalents at beginning of the quarter		2,096,060	739,929
Effect of exchange rate changes		16	347
Cash and cash equivalents at end of the quarter		1,834,632	1,607,135
CASH AND CASH EQUIVALENTS			
Cash and bank balances		594,093	2,283,434
Short term highly liquid investments		2,283,540	1,217,320
Short term running finance		(1,043,001)	(1,893,619)
		1,834,632	1,607,135

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, 2010

1. Fauji Fertilizer Company Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913, (now the Companies Ordinance, 1984) and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The registered office of the Company is situated at 93 - Harley Street, Rawalpindi, Pakistan. The Company is domiciled in Rawalpindi. The principal activity of the Company is manufacturing, purchasing and marketing of fertilizers and chemicals, including investment in other fertilizer, chemical and other manufacturing operations.
2. These interim financial statements are un-audited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. These interim financial statements are presented in condensed form in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended December 31, 2009. Comparative figures of the balance sheet are extracted from the audited annual financial statements for the year ended December 31, 2009 whereas comparative profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim financial statements for the period ended March 31, 2009.
3. Accounting policies, related judgements, 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, 2009.

4. SHARE CAPITAL

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

		Un-audited March 31, 2010	Audited December 31, 2009
(Numbers)		(Rupees '000)	
256,495,902	Ordinary shares of Rs 10 each issued for consideration in cash.	2,564,959	2,564,959
422,031,163	Ordinary shares of Rs 10 each issued as fully paid bonus shares.	4,220,312	4,220,312
<u>678,527,065</u>		<u>6,785,271</u>	<u>6,785,271</u>

AUTHORIZED SHARE CAPITAL

This represents 1,000,000,000 ordinary shares of Rs 10 each amounting to Rs 10,000,000 thousand.

5. REVENUE RESERVES

	Un-audited March 31, 2010	Audited December 31, 2009
General reserve	3,739,471	3,739,471
(Deficit) / surplus on remeasurement of available for sale investments to fair value - net of tax	(5,625)	6,970
Unappropriated profit	2,914,604	2,390,730
	<u>6,648,450</u>	<u>6,137,171</u>

Notes to the Condensed Interim Financial Statements

For the first quarter ended March 31, 2010

	Note	Un-audited March 31, 2010 (Rupees '000)	Audited December 31, 2009
6. LONG TERM BORROWINGS			
Long term borrowings - secured	6.1	5,923,512	6,378,214
Less: Amount payable within twelve months shown as current maturity		2,799,405	1,799,405
		<u>3,124,107</u>	<u>4,578,809</u>
6.1 Movement in this account during the period / year is as follows:			
Opening balance		6,378,214	6,121,250
Disbursements during the period / year		—	1,000,000
Repayments during the period / year		(454,702)	(743,036)
Closing balance		<u>5,923,512</u>	<u>6,378,214</u>
7. CONTINGENCIES AND COMMITMENTS			
(a) Contingencies			
(i) Guarantees issued by banks on behalf of the Company.		17,192	17,192
(ii) Disputed demands 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.		187,685	187,685
(b) Commitments in respect of:			
(i) Capital expenditure.		1,944,904	1,930,397
(ii) Purchase of fertilizer, stores, spares and other revenue items.		318,657	200,789
(iii) Rentals under lease agreements:			
Premises		72,468	73,758
Vehicles		172,082	185,512

Notes to the Condensed Interim Financial Statements

For the first quarter ended March 31, 2010

	Note	Un-audited March 31, 2010	Audited December 31, 2009
		(Rupees '000)	
8. PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		13,993,518	12,730,813
Additions		394,512	2,344,280
Written down value of disposals / adjustments		(167)	(4,897)
Depreciation		(291,900)	(1,076,678)
Closing written down value		14,095,963	13,993,518
9. LONG TERM INVESTMENTS			
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		4,752,330	4,752,330
Investments available for sale			
Certificates of investment		172,028	155,402
Pakistan Investment Bonds		600,971	602,164
Term Finance Certificates		133,674	145,493
		906,673	903,059
		7,864,928	7,861,314
Less: Current portion shown under short term investments	10		
Investments available for sale			
Certificates of investment		24,513	24,026
Pakistan Investment Bonds		202,462	101,691
Term Finance Certificates		8,039	8,069
		235,014	133,786
		7,629,914	7,727,528
10. SHORT TERM INVESTMENTS			
Available for sale			
Term deposits with banks and financial institutions			
Local currency		1,200,000	4,850,000
Foreign currency		1,078,545	1,081,360
Investments at fair value through profit or loss - Held for trading		727,217	703,422
Current maturity of long term investments	9	235,014	133,786
		3,240,776	6,768,568

Notes to the Condensed Interim Financial Statements (Un-Audited)
For the first quarter ended March 31, 2010

	March 31, 2010	March 31, 2009
	(Rupees '000)	
11. COST OF SALES		
Raw materials consumed	1,989,765	1,847,634
Fuel and power	1,501,065	1,326,953
Chemicals and supplies	56,980	67,366
Salaries, wages and benefits	807,445	491,436
Training and employees welfare	99,788	89,579
Rent, rates and taxes	7,746	6,219
Insurance	37,779	33,925
Travel and conveyance	42,527	46,541
Repairs and maintenance	367,213	167,628
Depreciation	285,274	233,129
Communication and other expenses	185,133	161,760
Opening stock-work in process	37,186	44,699
Closing stock-work in process	(24,860)	(30,895)
Cost of goods manufactured	5,393,041	4,485,974
Add: Opening stock of manufactured urea	73,353	66,842
Less: Closing stock of manufactured urea	(97,358)	(52,393)
	(24,005)	14,449
Cost of sales of own manufactured urea	5,369,036	4,500,423
Opening stock of purchased fertilizers	—	33,683
Purchase of fertilizers for resale	354,084	—
	354,084	33,683
Less: Closing stock of purchased fertilizers	(268,422)	(29,050)
Cost of sales of purchased fertilizers	85,662	4,633
	5,454,698	4,505,056
12. EARNINGS PER SHARE		
Net profit after tax (Rupees '000)	2,729,087	2,686,504
Weighted average number of shares in issue during the period - (Number '000)	678,527	678,527
Basic and diluted earnings per share (Rupees)	4.02	3.96

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

Number of shares in issue during the period ended March 31, 2009 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, 2010

	March 31, 2010	March 31, 2009
	(Rupees '000)	
13. CASH GENERATED FROM OPERATIONS		
Net profit before taxation	3,821,087	3,667,667
Adjustments for:		
Depreciation	290,626	237,577
Provision for gratuity	21,208	24,225
Provision for pension	18,076	18,343
Provision for Workers' Profit Participation Fund	205,132	196,896
Provision for Workers' Welfare Fund	76,422	73,353
Finance cost	263,508	290,486
Gain on sale of property, plant and equipment	(4,730)	(5,284)
Income on loans, deposits and investments	(149,452)	(116,184)
Exchange loss / (gain)	2,071	(15,213)
Gain on remeasurement of investment at fair value through profit or loss	(23,795)	(77,358)
Dividend income	(1,069,274)	(1,069,274)
	(370,208)	(442,433)
	3,450,879	3,225,234
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(14,792)	(88,800)
Stock in trade	(345,579)	78,106
Trade debts	(1,857)	234,019
Loans and advances	(19,487)	(15,700)
Deposits and prepayments	(164,254)	(133,998)
Other receivables	115,066	(100,467)
(Decrease) / increase in current liabilities		
Trade and other payables	(405,028)	(346,043)
	(835,931)	(372,883)
Changes in long term loans and advances	(64,936)	(5,417)
Changes in long term deposits and prepayments	(757)	(511)
	2,549,255	2,846,423

Notes to the Condensed Interim Financial Statements (Un-Audited)
For the first quarter ended March 31, 2010

14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

	March 31, 2010	March 31, 2009
	(Rupees '000)	
Transactions with the subsidiary company		
Marketing of fertilizer on behalf of subsidiary company under sale on consignment basis	90,856	63,715
Commission on sale of subsidiary company's products	4,171	4,391
Services and materials provided	12,933	39,673
Services and materials received	85	2,130
Dividend income	1,069,274	1,069,274
Balance payable - unsecured	448,043	161,203 *
Transactions with associated undertakings / companies due to common directorship		
Sale of fertilizer	—	1,224
Medical services	35	6
Office rent	952	882
Dividend paid	1,873,690	711,281
Purchase of gas as feed and fuel stock	3,185,115	2,783,509
Technical services received	—	7,532
Others	179	—
Balance receivable - unsecured	90,770	88,831 *
Balance payable - unsecured	501,439	542,211 *
Other related parties		
Remuneration of Chief Executive and Executives: Remuneration including benefits and perquisites of chief executive and other executives. No of persons 2010: 1 and 406 (2009: 1 and 345) respectively	567,487	248,523
Payments to:		
Employees' Provident Fund Trust	49,362	51,998
Employees' Gratuity Fund Trust	63,710	74,715
Employees' Pension Fund Trust	77,446	78,963
Others:		
Balance payable / (receivable) - unsecured	897,777	(616,225) *

* Comparative figures of receivable / payable balances are as of December 31, 2009.

Notes to the Condensed Interim Financial Statements (Un-Audited)
For the first quarter ended March 31, 2010

15. GENERAL

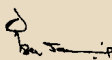
- 15.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 15.2 The Board of Directors in their meeting held on April 29, 2010 have proposed first interim dividend of Rs 4 per share.
- 15.3 These condensed interim financial statements have been authorized for issue by the Board of Directors of the Company on April 29, 2010.



Chairman



Chief Executive



Director



Condensed Interim
Consolidated
Financial Statements

Condensed Interim Consolidated Balance Sheet

As at March 31, 2010

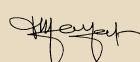
	Note	Un-audited March 31, 2010 (Rupees '000)	Audited December 31, 2009
EQUITY AND LIABILITIES			
ATTRIBUTABLE TO EQUITY HOLDERS OF FAUJI FERTILIZER COMPANY LIMITED			
Share capital	4	6,785,271	6,785,271
Capital reserves		1,000,424	986,735
Revenue reserves	5	6,136,158	6,326,661
		13,921,853	14,098,667
NON-CONTROLLING INTERESTS		4,608,768	5,237,334
TOTAL EQUITY		18,530,621	19,336,001
NON - CURRENT LIABILITIES			
Long term borrowings	6	7,775,415	9,344,023
Deferred taxation		7,001,174	7,104,562
		14,776,589	16,448,585
CURRENT LIABILITIES			
Trade and other payables		11,766,283	14,506,047
Interest and mark-up accrued		218,170	257,652
Short term borrowings		5,424,251	13,818,798
Current portion of long term:			
- Borrowings		3,216,349	2,216,349
- Murabaha		38,679	38,679
- Loans		648,201	648,201
Taxation		3,313,929	2,903,411
		24,625,862	34,389,137
		57,933,072	70,173,723

CONTINGENCIES AND COMMITMENTS 7

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

	Note	Un-audited March 31, 2010 (Rupees '000)	Audited December 31, 2009
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	8	29,473,120	29,570,418
Goodwill		1,569,234	1,569,234
Equity accounted investments	9.1	4,563,938	4,735,980
Other long term investments	9.2	671,659	769,273
Long term loans and advances		402,477	337,541
Long term deposits and prepayments		83,394	82,851
		36,763,822	37,065,297
CURRENT ASSETS			
Stores, spares and loose tools		4,814,518	4,846,427
Stock in trade		1,722,807	1,371,100
Trade debts		510,814	733,614
Loans and advances		257,996	241,572
Deposits and prepayments		263,927	42,460
Other receivables		811,970	948,370
Short term investments	10	3,990,776	11,427,504
Cash and bank balances		8,796,442	13,497,379
		21,169,250	33,108,426
		57,933,072	70,173,723


Chairman


Chief Executive


Director


Condensed Interim Consolidated Profit and Loss Account (Un-Audited)
For the first quarter ended March 31, 2010

	Note	March 31, 2010 (Rupees '000)	March 31, 2009
Sales		16,069,122	14,093,754
Cost of sales	11	10,211,045	9,541,977
GROSS PROFIT		5,858,077	4,551,777
Administrative expenses and distribution cost		1,416,480	1,181,258
		4,441,597	3,370,519
Finance cost		362,245	918,607
Other expenses		413,764	307,540
		3,665,588	2,144,372
Other income		415,672	464,271
Share of (loss)/ profit of associate and joint venture		(136,302)	29,061
NET PROFIT BEFORE TAXATION		3,944,958	2,637,704
Provision for taxation		1,520,413	977,813
NET PROFIT AFTER TAXATION		2,424,545	1,659,891
ATTRIBUTABLE TO:			
Equity holders of Fauji Fertilizer Company Limited		2,027,305	1,653,713
Non-controlling interests		397,240	6,178
		2,424,545	1,659,891

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, 2010

	March 31, 2010	March 31, 2009
	(Rupees '000)	
Net profit after taxation	2,424,545	1,659,891
Other comprehensive income for the quarter		
Exchange difference on translating foreign investment	20,355	(218,716)
(Deficit) / surplus on remeasurement to fair value of investments available for sale	(13,012)	29,570
	7,343	(189,146)
Income tax relating to component of other comprehensive income	417	64,714
Other comprehensive income for the quarter - net of tax	7,760	(124,432)
Total comprehensive income for the quarter	2,432,305	1,535,459
ATTRIBUTABLE TO:		
Equity holders of Fauji Fertilizer Company Limited	2,028,399	1,575,835
Non-controlling interests	403,906	(40,376)
	2,432,305	1,535,459

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, 2010

	Note	March 31, 2010	March 31, 2009
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	3,584,107	8,881,423
Finance cost paid		(402,668)	(1,188,406)
Income tax paid		(1,202,261)	(691,039)
Payment to Gratuity Fund		(63,710)	(74,715)
Compensated absences paid		(3,052)	(2,131)
Payment to Pension Fund		(77,446)	(78,963)
(Payment to) / Receipt from workers' profit participation fund		(53,549)	62,780
		(1,802,686)	(1,972,474)
Net cash generated from operating activities		1,781,421	6,908,949
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(517,330)	(532,954)
Proceeds from sale of property, plant and equipment		8,488	6,573
Interest received		297,584	328,936
Decrease in investments		1,966,084	329,887
Net cash generated from investing activities		1,754,826	132,442
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - repayments		(558,938)	(250,486)
Long term murabaha - repayments		(9,670)	(9,670)
Dividends paid		(4,975,565)	(1,920,689)
Net cash used in financing activities		(5,544,173)	(2,180,845)
Net (increase) / decrease in cash and cash equivalents		(2,007,926)	4,860,546
Cash and cash equivalents at beginning of the quarter		8,413,641	(9,575,629)
Effect of exchange rate changes		16	347
Cash and cash equivalents at end of the first quarter		6,405,731	(4,714,736)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		8,796,442	6,437,149
Short term running finances		(5,424,251)	(12,369,205)
Short term highly liquid investments		3,033,540	1,217,320
		6,405,731	(4,714,736)

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


Chairman

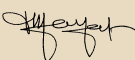

Chief Executive


Director

Condensed Interim Consolidated Statement of Changes in Equity (Un-Audited)
For the first quarter ended March 31, 2010

	Attributable to equity holders of Fauji Fertilizer Company Limited						Non-controlling interests	Total	
	Capital reserves			Revenue reserves					
	Share capital	Capital reserve	Translation reserve	Statutory reserve	Surplus/(deficit) on				
					remeasurement of available for sale investments to fair value	General reserve			Unappropriated profit
(Rupees '000')									
Balance at January 01, 2009	4,934,742	276,184	577,410	-	(23,121)	5,840,000	1,653,875	5,151,378	18,410,468
Transfer from general reserve	-	-	-	-	-	(250,000)	250,000	-	-
Total comprehensive income for the quarter									
Profit for the quarter after taxation	-	-	-	-	-	-	1,653,713	6,178	1,659,891
Other comprehensive income									
Total other comprehensive income for the quarter	-	-	(95,611)	-	17,733	-	-	(46,554)	(124,432)
Total comprehensive income for the quarter-net of tax	-	-	(95,611)	-	17,733	-	1,653,713	(40,376)	1,535,459
Distributions to owners									
FFC dividends:									
Final dividend 2008: Rs 3.25 per share	-	-	-	-	-	-	(1,603,791)	-	(1,603,791)
Bonus shares issued	1,233,686	-	-	-	-	(1,233,686)	-	-	-
Dividend to FFBL non-controlling interest holders	-	-	-	-	-	-	-	-	-
Final dividend 2008: Rs 2.25 per share	-	-	-	-	-	-	-	(1,032,472)	(1,032,472)
Total transactions with owners	1,233,686	-	-	-	-	(1,233,686)	(1,603,791)	(1,032,472)	(2,636,263)
Balance as at March 31, 2009	6,168,428	276,184	481,799	-	(5,388)	4,356,314	1,953,797	4,078,530	17,309,664
Balance at January 01, 2010	6,785,271	276,184	704,115	6,436	6,970	3,739,471	2,580,220	5,237,334	19,336,001
Total comprehensive income for the quarter									
Profit for the year after taxation	-	-	-	-	-	-	2,027,305	397,240	2,424,545
Other comprehensive income									
Total other comprehensive income for the quarter	-	-	13,689	-	(12,585)	-	-	6,666	7,760
Total comprehensive income for the quarter-net of tax	-	-	13,689	-	(12,585)	-	2,027,305	403,906	2,432,305
Distributions to owners									
FFC dividends:									
Final dividend 2009: Rs 3.25 per share	-	-	-	-	-	-	(2,205,213)	-	(2,205,213)
Dividend to FFBL non-controlling interest holders	-	-	-	-	-	-	-	-	-
Final dividend 2009: Rs 2.25 per share	-	-	-	-	-	-	-	(1,032,472)	(1,032,472)
Total transactions with owners	-	-	-	-	-	-	(2,205,213)	(1,032,472)	(3,237,685)
Balance as at March 31, 2010	6,785,271	276,184	717,804	6,436	(5,625)	3,739,471	2,402,312	4,608,768	18,530,621

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, 2010

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'. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the group as at and for the year ended December 31, 2009. Comparative figures of the balance sheet are extracted from the audited annual financial statements for the year ended December 31, 2009 whereas comparative profit and loss account, statement of comprehensive income, statement of changes in equity and statement of cash flows are stated from un-audited condensed interim consolidated financial statements for the period ended March 31, 2009.
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, 2009.

4. SHARE CAPITAL

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

		Un-audited March 31, 2010	Audited December 31, 2009
(Numbers)		(Rupees '000)	
256,495,902	Ordinary shares of Rs 10 each issued for consideration in cash.	2,564,959	2,564,959
422,031,163	Ordinary shares of Rs 10 each issued as fully paid bonus shares.	4,220,312	4,220,312
<u>678,527,065</u>		<u>6,785,271</u>	<u>6,785,271</u>

AUTHORIZED SHARE CAPITAL

This represents 1,000,000,000 ordinary shares of Rs 10 each amounting to Rs 10,000,000 thousand.

5. REVENUE RESERVES

	Note	Un-audited March 31, 2010	Audited December 31, 2009
		(Rupees '000)	
General reserve		3,739,471	3,739,471
(Deficit) / surplus on remeasurement of available for sale investments to fair value - net of tax		(5,625)	6,970
Unappropriated profit		2,402,312	2,580,220
		<u>6,136,158</u>	<u>6,326,661</u>

6. LONG TERM BORROWINGS

	Note	Un-audited March 31, 2010	Audited December 31, 2009
Long term financing - secured	6.1	6,444,692	7,003,630
Long term murabaha - secured	6.2	48,347	58,017
Long term loan - Government of Pakistan loan FFBL (Un-secured)	6.3	5,185,605	5,185,605
		<u>11,678,644</u>	<u>12,247,252</u>
Less: Amount payable within twelve months shown as current maturity		3,903,229	2,903,229
		<u>7,775,415</u>	<u>9,344,023</u>

Notes to the Condensed Interim Consolidated Financial Statements
For the first quarter ended March 31, 2010

	Un-audited March 31, 2010 (Rupees '000)	Audited December 31, 2009
6.1 Movement in this account during the period/ year is as follows:		
Opening balance	7,003,630	7,163,610
Disbursements during the period/year	-	1,000,000
Repayments during the period/year	(558,938)	(1,159,980)
Closing balance	<u>6,444,692</u>	<u>7,003,630</u>
6.2 Movement in this account during the period/ year is as follows:		
Opening balance	58,017	96,696
Repayments during the period/year	(9,670)	(38,679)
Closing balance	<u>48,347</u>	<u>58,017</u>
6.3 Movement in this account during the period/ year is as follows:		
Opening balance	5,185,605	5,833,806
Adjustment during the period/year	-	(648,201)
Closing balance	<u>5,185,605</u>	<u>5,185,605</u>
7. CONTINGENCIES AND COMMITMENTS		
a) Contingencies		
i) Guarantees issued by banks on behalf of the Group companies.	50,714	47,223
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.	36,668	36,668
iv) Claims against FFC and/or potential exposure not acknowledged as debt.	50,696	50,696
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.	206,784	206,784
b) Commitments		
i) Capital expenditure.	2,022,637	2,072,124
ii) Purchase of fertilizer, stores, spares and other revenue items.	613,580	1,581,926
iii) Group's share of commitments of PMP.	49,411	43,761
iv) Rentals under lease agreements:		
Premises	72,468	73,758
Vehicles	172,082	185,512

Notes to the Condensed Interim Consolidated Financial Statements
For the first quarter ended March 31, 2010

	Note	Un-audited March 31, 2010 (Rupees '000)	Audited December 31, 2009
8. PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		29,570,418	28,577,917
Additions during the period / year		517,330	3,851,891
Written down value of disposals / adjustments		(8,560)	(565,953)
Depreciation during the period / year		(606,068)	(2,293,437)
Closing written down value		29,473,120	29,570,418
9. LONG TERM INVESTMENTS			
Equity accounted investments	9.1	4,563,938	4,735,980
Other long term investments	9.2	671,659	769,273
		5,235,597	5,505,253
9.1 Equity accounted investments			
Investment in associated company			
Fauji Cement Company Limited			
Cost of investment		1,800,000	1,800,000
Share of post acquisition profits		191,898	65,256
Share of profit for the period / year		3,054	126,642
Balance as at March 31, 2010		1,994,952	1,991,898
Investment in joint venture			
Pakistan Maroc Phosphore S.A.Morocco			
Cost of investments		2,117,075	2,117,075
Post acquisition (losses)/ profits brought forward		(320,505)	183,518
Share of loss for the period / year		(139,356)	(504,023)
Dividend		(155,591)	(99,496)
Gain on translation of net assets		1,067,363	1,047,008
Balance as at March 31, 2010		2,568,986	2,744,082
		4,563,938	4,735,980

Notes to the Condensed Interim Consolidated Financial Statements (Un-Audited)
For the first quarter ended March 31, 2010

	Note	Un-audited March 31, 2010 (Rupees '000)	Audited December 31, 2009
9.2 Other long term investments			
Investment available for sale			
Certificates of investment		172,028	155,402
Pakistan Investment Bonds		600,971	602,164
Term Finance Certificates		133,674	145,493
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)
		—	—
		906,673	903,059
Less: Current portion shown under short term investments	10		
Investments available for sale			
Certificates of investment		24,513	24,026
Pakistan Investment Bonds		202,462	101,691
Term Finance Certificates		8,039	8,069
		235,014	133,786
		671,659	769,273
10. SHORT TERM INVESTMENTS			
Available for sale			
Term deposits with banks and financial institutions			
Local currency		1,950,000	4,850,000
Foreign Currency		1,078,545	1,081,360
Investments at fair value through profit or loss - Held for trading		727,217	5,362,358
Current maturity of long term investments	9.2	235,014	133,786
		3,990,776	11,427,504

Notes to the Condensed Interim Consolidated Financial Statements (Un-Audited)
For the first quarter ended March 31, 2010

	March 31, 2010	March 31, 2009
	(Rupees '000)	
11. COST OF SALES		
Raw materials consumed	5,731,807	4,001,448
Fuel and power	1,969,189	1,728,637
Chemicals and supplies	95,137	107,118
Salaries, wages and benefits	1,075,696	784,040
Training and employees welfare	99,788	89,579
Rent, rates and taxes	15,501	12,241
Insurance	57,840	51,318
Travel and conveyance	61,495	59,894
Repairs and maintenance	888,834	509,372
Depreciation	597,533	532,521
Communication and other expenses	193,157	169,732
Opening stock - work in process	42,326	48,301
Closing stock - work in process	(51,977)	(84,098)
Cost of goods manufactured	10,776,326	8,010,103
Add: Opening stock of manufactured fertilizers	244,279	5,650,302
Less: Closing stock of manufactured fertilizers	(895,222)	(4,123,061)
	(650,943)	1,527,241
Cost of sales of own manufactured fertilizers	10,125,383	9,537,344
Opening stock of purchased fertilizers	–	33,683
Purchase of fertilizers for resale	354,084	–
	354,084	33,683
Less: Closing stock of purchased fertilizers	(268,422)	(29,050)
Cost of sale of purchased fertilizers	85,662	4,633
	<u>10,211,045</u>	<u>9,541,977</u>

Notes to the Condensed Interim Consolidated Financial Statements (Un-Audited)
For the first quarter ended March 31, 2010

	March 31, 2010	March 31, 2009
	(Rupees '000)	
12. CASH GENERATED FROM OPERATIONS		
Net profit before taxation	3,944,958	2,637,704
Adjustments for:		
Depreciation	604,794	537,964
Provision for gratuity	29,465	33,496
Provision for pension	18,076	18,343
Provision for Worker's Profit Participation Fund	271,714	197,391
Provision for workers' welfare fund	104,379	73,538
Provision for compensated absences	8,439	7,057
Finance cost	364,431	861,614
Income on loans, deposits and investments	(242,857)	(313,269)
Share of loss/ (profit) of associate and joint venture	136,302	(29,061)
Loss/ (gain) on sale of property, plant and equipment	72	(6,075)
Exchange (gain)/ loss	(115)	41,780
Gain on remeasurement of investments at fair value through profit or loss	(148,147)	(112,437)
	<u>1,146,553</u>	<u>1,310,341</u>
	5,091,511	3,948,045
(Increase)/decrease in current assets:		
Stores and spares	31,909	(288,022)
Stock in trade	(351,709)	273,144
Trade debts	222,800	296,357
Loans and advances	(16,424)	(19,508)
Deposits and prepayments	(221,466)	(151,710)
Other receivables	283,406	7,821,939
Decrease in current liabilities:		
Trade and other payables	(1,390,227)	(2,992,894)
	<u>(1,441,711)</u>	<u>4,939,306</u>
Changes in long term loans and advances	(64,936)	(5,417)
Changes in long term deposits and prepayments	(757)	(511)
	<u>3,584,107</u>	<u>8,881,423</u>

Notes to the Condensed Interim Consolidated Financial Statements (Un-Audited)
For the first quarter ended March 31, 2010

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:

	March 31, 2010	March 31, 2009
	(Rupees '000)	
Transactions with associated undertakings/ companies due to common directorship		
Sale of fertilizer	–	2,880
Rent charged to Group Companies	1,199	1,107
Dividends paid	2,237,068	711,281
Repayment of principal portion of long term finance	–	11,429
Financial charges	–	3,243
Medical services	35	6
Purchase of gas as feed and fuel stock	3,185,115	2,783,509
Technical services received	–	7,532
Others	179	–
Balance payable	501,439	542,211 *
Balance receivable - unsecured	90,770	88,831 *
Transactions with joint venture company		
Raw material purchased	2,298,018	2,757,012
Expenses incurred on behalf of joint venture company	7,267	5,594
Balances payable at the year end - secured	2,090,653	2,412,237 *
Balance receivable at the year end - secured	7,781	11,005 *
Other related parties		
Remuneration including benefits and perquisites of Chief Executives and Executives, No. of persons 2010: 2 and 578 (2009: 2 and 497)	790,173	466,440
Payments to:		
Employees' Provident Fund Trust	55,924	57,415
Employees' Gratuity Fund Trust	71,967	83,986
Employees' Pension Fund Trust	77,446	78,963
Workers' Profit Participation Fund	53,549	18,891
Others:		
Transactions with Workers' Profit Participation Fund (WPPF)	–	357,678 *
Balances (receivable)/ payable -unsecured	1,273,303	963,995 *

* Comparative figures of receivable/payable balances are as of December 31, 2009.

14. GENERAL

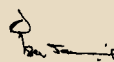
- 14.1** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 14.2** The Board of Directors of FFC in their meeting held on April 29, 2010 proposed a first interim dividend of Rs 4 per share while a dividend of Rs 0.50 per share has been proposed by the Board of Directors of FFBL on April 16, 2010.
- 14.3** These condensed interim consolidated financial statements have been authorised for issue by the Board of Directors of FFC on April 29, 2010.



Chairman



Chief Executive



Director

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