

Quarterly

FINANCIAL STATEMENTS

March 31, 2014 (Un-audited)



FAUJI FERTILIZER COMPANY LIMITED



Company Information

BOARD OF DIRECTORS

Lt Gen Muhammad Mustafa Khan, HI(M) (Retd)
Chairman
Lt Gen Naeem Khalid Lodhi, HI(M) (Retd)
Chief Executive & Managing Director
Mr Qaiser Javed
Dr Nadeem Inayat
Mr Jorgen Madsen
Engr Rukhsana Zuberi
Mr Farhad Shaikh Mohammad
Brig Parvez Sarwar Khan, SI(M) (Retd)
Mr Khizar Hayat Khan
Mr Manzoor Ahmed
Maj Gen Nasir Mahmood, HI(M) (Retd)
Maj Gen Ghulam Haider, HI(M) (Retd)

CHIEF FINANCIAL OFFICER

Syed Shahid Hussain
Tel No. 92-51-8456101 Fax No. 92-51-8459961
E-mail: shahid_hussain@ffc.com.pk

COMPANY SECRETARY

Brig Sher Shah, SI(M) (Retd)
Tel No. 92-51-8453101 Fax No. 92-51-8459931
E-mail: secretary@ffc.com.pk

REGISTERED OFFICE

156- The Mall, Rawalpindi Cantt, Pakistan
Website: www.ffc.com.pk
Tel No. 92-51-111-332-111, 8450001, Fax No. 92-51-8459925
E-mail: ffcwp@ffc.com.pk

PLANTSITES

Goth Machhi, Sadikabad
(Distt: Rahim Yar Khan), Pakistan
Tel No. 92-68-5786420-9, Fax No. 92-68-5786401
Mirpur Mathelo
(Distt: Ghotki), Pakistan
Tel No. 92-723-661500-09, Fax No. 92-723-661462

MARKETING DIVISION

Lahore Trade Centre
11 Shahrah-e-Aiwan-e-Tijarat, Lahore, Pakistan
Tel No. 92-42-36369137-40, Fax No. 92-42-36366324

KARACHI OFFICE

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

AUDITORS

M/s A.F.Ferguson & Co.
Chartered Accountants

SHARES REGISTRAR

THK Associates (Pvt) Limited
Ground Floor, State Life Building – 3
Dr. Ziauddin Ahmed Road, Karachi – 75530, Pakistan.
Tel No. 92-21-111-000-322, Fax No. 92-21-35655595

Directors' Review

For the Quarter ended March 31, 2014

Dear Members,

On behalf of the Board of Directors, I am pleased to report net earnings of Rs 4.56 billion for the quarter ended March 31, 2014, returning an EPS of Rs 3.58.

Aggregate Sona urea production of 594 thousand tonnes by the three plants was 4% higher than the corresponding quarter, with an improved operating efficiency of 118% as against 113% last year, while Sona urea sales for the period at 574 thousand tonnes were higher by 2% compared to the corresponding period, yielding aggregate highest ever first quarterly sales revenue of Rs. 17.57 billion.

Despite higher sales, the combined market share of FFC/FFBL was down by 4% owing to excessive supply of the product in the market caused by higher imports and also due to excessive availability of local product resulting from inequitable increase in supply of gas to certain fertilizer companies, including unjustified diversion of Company's share of allocated gas supply, unilaterally by the Government.

Additionally, incremental GIDC was imposed on the old plants effective January 01, 2014 resulting in increase in the cost of production, which was not allowed to be fully passed on by the Company, leading to competitive disadvantageous position. Foregoing in view, the revenue growth of the Company was curtailed resulting in lower margins and reduced profitability.

Consistent with the Company's commitment to maintain a regular stream of income for the shareholders, the Board is pleased to approve first interim dividend of Rs. 3.00 per share, representing 83.7% of the quarterly profits.

In view of operational difficulties faced by Askari Bank Limited (AKBL) in preparation of their financial statements in accordance with the required reporting format, SECP has relaxed the conditions for consolidation upto June 30, 2014. The Balance Sheet and Profit and Loss Account of AKBL are annexed and their financial statements are also available for review by the shareholders, at the Company's Registered Office free of cost.

The Board remains focused towards sustained profitability and shareholders' return through improved efficiencies and the diversification initiatives and hopes that equitable Governmental treatment with regard to levies and gas supply shall entail a healthy competitive environment within the fertilizer industry and improvement of the Country's agronomy.

On behalf of the Board,



Rawalpindi
April 29, 2014

Chairman
Lt Gen Muhammad Mustafa Khan,
HI (M) (Retired)



Condensed
**Interim Financial
Information**

Condensed Interim Balance Sheet

As at March 31, 2014

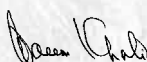
	Note	Un-audited March 31, 2014	Audited December 31, 2013
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY			
Share capital	4	12,722,382	12,722,382
Capital reserves		160,000	160,000
Revenue reserves	5	11,727,220	12,258,373
Surplus on remeasurement of investments available for sale to fair value		14,093	10,508
		<u>24,623,695</u>	<u>25,151,263</u>
NON - CURRENT LIABILITIES			
Long term borrowings	6	4,280,000	4,280,000
Deferred liabilities		4,015,261	4,078,369
		<u>8,295,261</u>	<u>8,358,369</u>
CURRENT LIABILITIES			
Trade and other payables	7	20,650,791	21,854,125
Interest and mark - up accrued		161,924	22,098
Short term borrowings	8	1,592,994	7,000,000
Current portion of long term borrowings		1,460,000	1,460,000
Taxation		3,490,734	3,983,215
		<u>27,356,443</u>	<u>34,319,438</u>
		<u>60,275,399</u>	<u>67,829,070</u>
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

	<u>Note</u>	<u>Un-audited March 31, 2014</u>	<u>Audited December 31, 2013</u>
		(Rupees ‘000)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	10	18,618,852	18,444,188
Intangible assets		1,632,172	1,651,592
Long term investments	11	20,659,865	20,662,532
Long term loans and advances		770,519	740,408
Long term deposits and prepayments		12,870	2,654
		41,694,278	41,501,374

CURRENT ASSETS

Stores, spares and loose tools		3,605,032	3,244,645
Stock in trade		901,573	301,957
Trade debts		836,433	700,541
Loans and advances		577,469	921,460
Deposits and prepayments		317,703	46,984
Other receivables		923,615	790,163
Short term investments	12	9,680,444	18,960,295
Cash and bank balances		1,738,852	1,361,651
		18,581,121	26,327,696
		60,275,399	67,829,070


Chairman

Chief Executive

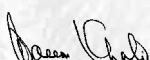
Director

Condensed Interim Profit and Loss Account (Un-audited)

For the first quarter ended March 31, 2014

	Note	March 31, 2014	March 31, 2013
		(Rupees '000)	
Sales		17,573,298	16,360,862
Cost of sales	13	10,091,411	8,591,602
GROSS PROFIT		7,481,887	7,769,260
Distribution cost		1,490,220	1,294,547
		5,991,667	6,474,713
Finance cost		217,449	178,296
Other expenses		590,766	624,342
		5,183,452	5,672,075
Other income		1,536,347	1,500,479
NET PROFIT BEFORE TAXATION		6,719,799	7,172,554
Provision for taxation		2,162,000	2,263,000
NET PROFIT AFTER TAXATION		4,557,799	4,909,554
Earnings per share - basic and diluted (Rupees)	14	3.58	3.86

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.


Chairman

Chief Executive

Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

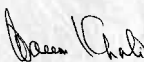
For the first quarter ended March 31, 2014

	March 31, 2014	March 31, 2013
	(Rupees'000)	
Net profit after taxation	4,557,799	4,909,554
Other comprehensive income		
Surplus on remeasurement of investments available for sale to fair value	3,607	1,262
Income tax relating to component of taxable comprehensive income	(22)	223
Other comprehensive income - net of tax	3,585	1,485
Total comprehensive income for the quarter	4,561,384	4,911,039

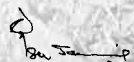
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Chairman



Chief Executive



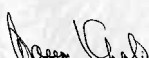
Director

Condensed Interim Cash Flow Statement (Un-audited)

For the first quarter ended March 31, 2014

	Note	March 31, 2014	March 31, 2013
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	3,491,046	4,414,503
Finance cost paid		(77,623)	(67,813)
Income tax paid		(2,517,045)	(2,523,747)
Payment to gratuity fund		(586,201)	(91,929)
Payment to pension fund		(94,067)	(47,191)
Net cash generated from operating activities		216,110	1,683,823
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(602,184)	(392,758)
Addition in intangible assets		-	(678)
Proceeds from sale of property, plant and equipment		11,497	6,845
Interest received		482,417	362,086
Advance for purchase of shares in Askari Bank Limited		-	(2,000,000)
Decrease in investments		281,028	513,145
Dividend received		1,069,274	1,069,274
Net cash generated from / (used in) investing activities		1,242,032	(442,086)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - repayments		-	(202,500)
Dividends paid		(4,608,157)	(5,662,474)
Net cash used in financing activities		(4,608,157)	(5,864,974)
Net decrease in cash and cash equivalents		(3,150,015)	(4,623,237)
Cash and cash equivalents at beginning of the quarter		13,012,602	16,571,069
Effect of exchange rate changes		(81,439)	15,127
Cash and cash equivalents at end of the quarter		9,781,148	11,962,959
CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,738,852	3,362,233
Short term highly liquid investments		9,635,290	10,624,726
Short term running finance		(1,592,994)	(2,024,000)
		9,781,148	11,962,959

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.


Chairman

Chief Executive

Director

Condensed Interim Statement of Changes In Equity (Un-audited)

For the first quarter ended March 31, 2014

Share capital	Capital reserves	Revenue reserves		Surplus on remeasurement of investments available for sale to fair value	Total
		General reserve	Unappropriated profit		
(Rupees '000)					

Balance at January 1, 2013 - as previously reported 12,722,382 160,000 5,502,360 7,703,612 7,695 26,096,049

Change in accounting policy for recognition of actuarial gains and losses - - - (328,843) - (328,843)

Balance at January 1, 2013 - as restated 12,722,382 160,000 5,502,360 7,374,769 7,695 25,767,206

Transfer to general reserve - - 1,300,000 (1,300,000) - -

Total comprehensive income for the quarter

Profit for the quarter after taxation - - - 4,909,554 - 4,909,554

Other comprehensive income - net of tax - - - - 1,485 1,485

Total comprehensive income for the quarter - net of tax - - - 4,909,554 1,485 4,911,039

Distribution to owners

Final dividend 2012: Rs 5.00 per share - - - (6,361,191) - (6,361,191)

Balance at March 31, 2013 12,722,382 160,000 6,802,360 4,623,132 9,180 24,317,054

Balance at January 1, 2014 12,722,382 160,000 6,802,360 5,456,013 10,508 25,151,263

Total comprehensive income for the quarter

Profit for the quarter after taxation - - - 4,557,799 - 4,557,799

Other comprehensive income - net of tax - - - - 3,585 3,585

Total comprehensive income for the quarter - net of tax - - - 4,557,799 3,585 4,561,384

Distribution to owners

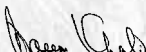
Final dividend 2013: Rs 4.00 per share - - - (5,088,952) - (5,088,952)

Balance at March 31, 2014 12,722,382 160,000 6,802,360 4,924,860 14,093 24,623,695

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Director

Notes To The Condensed Interim Financial Information (Un-audited)

For the first quarter ended March 31, 2014

1. Fauji Fertilizer Company Limited (the Company) is a public 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 156, The Mall, 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, other manufacturing, energy generation and banking operations.
2. This condensed interim financial information of the Company for the first quarter ended March 31, 2014 has been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures in this condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements of the Company for the year ended December 31, 2013. Comparative condensed interim balance sheet is extracted from annual financial statements as of December 31, 2013 whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from unaudited condensed interim financial information of the Company for the first quarter ended March 31, 2014.

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Islamabad, Karachi and Lahore Stock Exchanges.

3. The following standard, amendments and interpretations of approved accounting standards are not yet effective and do not have significant impact on the Company's financial statements in the year of initial application except for presentation of certain additional disclosures under IFRS - 12:

		Effective date (annual reporting periods beginning on or after)
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13	Fair Value Measurement	January 1, 2013
IAS 27	Consolidated and Separate Financial Statements	January 1, 2013
IAS 28	Investments in Associates	January 1, 2013
IFRS 9	Financial Instruments	January 1, 2015
IFRS 14	Regulatory Deferral Accounts	January 1, 2016

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

2014	2013		Un-audited March 31, 2014	Audited December 31, 2013
(Numbers)			(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
1,015,742,345	1,015,742,345	Ordinary shares of Rs 10 each, issued as fully paid bonus shares	10,157,423	10,157,423
<u>1,272,238,247</u>	<u>1,272,238,247</u>		<u>12,722,382</u>	<u>12,722,382</u>

AUTHORISED SHARE CAPITAL

This represents 1,500,000,000 (2013: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2013: Rs 15,000,000 thousand).

Notes To The Condensed Interim Financial Information

For the first quarter ended March 31, 2014

	Note	Un-audited March 31, 2014	Audited December 31, 2013
(Rupees '000)			
5. REVENUE RESERVES			
General reserve		6,802,360	6,802,360
Unappropriated profit		4,924,860	5,456,013
		<u>11,727,220</u>	<u>12,258,373</u>
6. LONG TERM BORROWINGS			
Loans from banking companies - secured	6.1	5,740,000	5,740,000
Less: Current portion shown under current liabilities		1,460,000	1,460,000
		<u>4,280,000</u>	<u>4,280,000</u>
6.1 Movement in this account during the period / year is as follows:			
Opening balance		5,740,000	5,303,750
Disbursements during the period / year		-	1,950,000
Repayments during the period / year		-	(1,513,750)
Closing balance	6.2	<u>5,740,000</u>	<u>5,740,000</u>
6.2 These finances are secured by an equitable mortgage on the Company's assets and hypothecation of all Company assets including plant, machinery, tools & spares and all other moveable properties including stocks and book debts, ranking pari passu with each other with 25% margin.			
These carry mark up ranging between 6 months KIBOR + 0.35% to 0.5% per annum (December 31, 2013: six month KIBOR + 0.30 % to 1.5% per annum) and are repayable upto December 2018 (December 31, 2013: December 2017).			
		Un-audited March 31, 2014	Audited December 31, 2013
(Rupees '000)			
7. TRADE AND OTHER PAYABLES			
Creditors		11,749,146	8,663,733
Accrued liabilities		2,252,803	3,297,691
Consignment account with Fauji Fertilizer Bin Qasim Limited - unsecured		397,590	347,142
Sales tax payable - net		240,252	814,939
Deposits		203,258	196,107
Retention money		127,360	123,418
Advances from customers		3,205,380	6,417,376
Workers' Welfare Fund		1,214,963	1,073,544
Workers' Profit Participation Fund		301,622	-
Unclaimed dividend		927,765	446,970
Gratuity fund		-	436,283
Other liabilities		30,652	36,922
		<u>20,650,791</u>	<u>21,854,125</u>

Notes To The Condensed Interim Financial Information

For the first quarter ended March 31, 2014

8. SHORT TERM BORROWINGS

The Company has short term running finance and istisna finance facilities limits aggregating Rs.10.35 billion (December 31, 2013: Rs. 11.24 billion). These are secured by first pari passu and ranking against hypothecation charge over assets of the Company and carry mark up ranging between one month KIBOR + 0.10% to 0.5% and 3 months KIBOR + 0.30% per annum (December 31, 2013: one month KIBOR + 0.05 % to 1% and three months KIBOR + 0.3% per annum).

Un-audited March 31, 2014	Audited December 31, 2013
(Rupees '000)	

9. CONTINGENCIES AND COMMITMENTS**a) Contingencies:**

(i) Guarantees issued by banks on behalf of the Company	59,909	59,281
(ii) Claims against the Company and / or potential exposure not acknowledged as debt	50,696	50,696
(iii) The Competition Commission of Pakistan has imposed a penalty of Rs 5.5 billion on the Company for alleged unreasonable increase in urea prices during the year 2011. However, the fact remains that price increase was essentially caused by extended gas curtailment and delayed urea imports by the Government of Pakistan resulting in product shortage leading to market imbalance and price hike. The Company has filed an appeal against the above penalty before the Competition Appellate Tribunal. Based on legal advice from the Company's legal advisor, the Company is confident that there are reasonable grounds for a favourable decision.		

Un-audited March 31, 2014	Audited December 31, 2013
(Rupees '000)	

b) Commitments in respect of:

(i) Capital expenditure	3,315,166	1,302,329
(ii) Purchase of fertilizer, stores, spares and other operational items	2,426,085	1,768,194
(iii) Investment in Fauji Fresh n Freeze Limited (Formerly Al-Hamd Foods Limited)	550,000	550,000
(iv) Rentals under lease agreements:		
Premises	210,884	187,356
Vehicles	92,196	91,625

10. PROPERTY, PLANT AND EQUIPMENT

Opening written down value	18,444,188	17,818,755
Additions	602,184	2,275,965
Written down value of disposals / adjustments	(230)	(22,575)
Depreciation	(427,290)	(1,627,957)
Closing written down value	18,618,852	18,444,188

10.1 Additions in and depreciation on property, plant and equipment during the quarter ended March 31, 2013 were Rs 392,758 thousand and Rs 370,771 thousand respectively.

Notes To The Condensed Interim Financial Information

For the first quarter ended March 31, 2014

	Note	Un-audited March 31, 2014	Audited December 31, 2013
		(Rupees '000)	
11. LONG TERM INVESTMENTS			
Investment in associate - at cost			
Fauji Cement Company Limited (FCCL)		1,500,000	1,500,000
Investment in joint venture - at cost			
Pakistan Maroc Phosphore S.A., Morocco (PMP)		705,925	705,925
Investment in subsidiaries - at cost			
Fauji Fertilizer Bin Qasim Limited (FFBL)		4,752,330	4,752,330
FFC Energy Limited (FFCEL)		2,438,250	2,438,250
Askari Bank Limited (AKBL)		10,461,921	10,461,921
Fauji Fresh n Freeze Limited (Formerly Al-Hamd Foods Limited)		585,500	585,500
		18,238,001	18,238,001
Investments available for sale			
Certificates of Investment / Term deposits receipts		116,673	118,239
Pakistan Investment Bonds		59,559	59,497
Term Finance Certificates		99,546	96,000
		275,778	273,736
		20,719,704	20,717,662
Less: Current portion shown under short term investments	12		
Investments available for sale			
Certificates of Investment / Term deposits receipts		30,714	26,005
Pakistan Investment Bonds		29,125	29,125
		59,839	55,130
		20,659,865	20,662,532
12. SHORT TERM INVESTMENTS			
Term deposits with banks and financial institutions			
Loans and receivables			
Local currency		8,000,000	17,420,000
Foreign currency		1,268,273	1,335,731
Investments at fair value through profit or loss - Held for trading		352,332	149,434
Current maturity of long term investments - Available for sale	11	59,839	55,130
		9,680,444	18,960,295

Notes To The Condensed Interim Financial Information (Un-audited)

For the first quarter ended March 31, 2014

	March 31, 2014	March 31, 2013
	(Rupees '000)	
13. COST OF SALES		
Raw materials consumed	6,016,888	4,355,868
Fuel and power	1,794,342	1,534,731
Chemicals and supplies	80,568	91,641
Salaries, wages and benefits	1,154,062	983,796
Training and employees welfare	203,439	156,385
Rent, rates and taxes	1,476	2,125
Insurance	42,626	71,672
Travel and conveyance	113,022	91,791
Repairs and maintenance	279,765	584,824
Depreciation and amortization	416,983	361,958
Communication and other expenses	285,965	250,293
Opening stock - work in process	67,903	45,216
Closing stock - work in process	(35,813)	(30,069)
Cost of goods manufactured	10,421,226	8,500,231
Opening stock - manufactured urea	71,424	80,054
Less: Closing stock - manufactured urea	(417,675)	(152,398)
	(346,251)	(72,344)
Cost of sales - manufactured urea	10,074,975	8,427,887
Opening stock - purchased fertilizers	-	274,029
Purchase of fertilizers for resale	113,566	-
	113,566	274,029
Less: Closing stock - purchased fertilizers	(97,130)	(110,314)
Cost of sales - purchased fertilizers	16,436	163,715
	10,091,411	8,591,602
14. EARNINGS PER SHARE - Basic and diluted		
Net profit after tax (Rupees '000)	4,557,799	4,909,554
Weighted average number of shares in issue during the period - (Number '000)	1,272,238	1,272,238
Basic and diluted earnings per share (Rupees)	3.58	3.86

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

Notes To The Condensed Interim Financial Information (Un-audited)

For the first quarter ended March 31, 2014

	March 31, 2014	March 31, 2013
	(Rupees '000)	
15. CASH GENERATED FROM OPERATIONS		
Net profit before taxation	6,719,799	7,172,554
Adjustments for:		
Depreciation	424,657	369,194
Amortization	19,420	9,877
Provision for gratuity	34,672	29,866
Provision for pension	23,594	22,251
Provision for Workers' Profit Participation Fund	361,117	385,035
Provision for Workers' Welfare Fund	141,419	143,105
Finance cost	217,449	178,296
Gain on sale of property, plant and equipment	(11,267)	(6,783)
Income on loans, deposits and investments	(433,845)	(369,670)
Exchange loss / (gain) - net	78,252	(22,568)
Gain on remeasurement of investment at fair value through profit or loss	(7,377)	(26,541)
Dividend income	(1,139,587)	(1,069,274)
	(291,496)	(357,212)
	6,428,303	6,815,342
Changes in working capital		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(360,387)	(312,935)
Stock in trade	(599,616)	10,526
Trade debts	(135,892)	1,398,449
Loans and advances	343,991	102,590
Deposits and prepayments	(200,246)	(449,404)
Other receivables	(182,024)	221,314
Decrease in current liabilities		
Trade and other payables	(1,762,756)	(3,395,522)
	(2,896,930)	(2,424,982)
Changes in long term loans and advances	(30,111)	24,359
Changes in long term deposits and prepayments	(10,216)	(216)
	3,491,046	4,414,503

Notes To The Condensed Interim Financial Information (Un-audited)

For the first quarter ended March 31, 2014

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

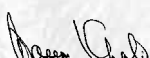
There is no change in relationship with the related parties. Significant transactions and balances with the related parties are as follows:

	March 31, 2014	March 31, 2013
	(Rupees '000)	
Transactions with subsidiary companies		
Expenses charged on account of marketing of fertilizer on behalf of subsidiary company	106,196	118,948
Commission on sale of subsidiary company's products	1,960	2,904
Services and materials provided	-	98,748
Dividend income	1,069,274	1,069,274
Long term investment	-	138,250
Investments in TDRs issued by subsidiary company and outstanding at quarter end	100,000	30,000
Bank balance	199,898	26,913
Balance payable - unsecured	397,590	347,142 *
Balance receivable - unsecured	141,977	118,989 *
Transactions with associated undertakings / companies due to common directorship		
Dividend paid	2,256,951	2,821,188
Dividend income	70,313	-
Purchase of gas as feed and fuel stock	7,414,114	5,564,443
Services received	58,712	-
Others	26,155	-
Balance receivable - unsecured	42,582	8,726 *
Balance payable - unsecured	1,379,336	9,262,274 *
Other related parties		
Remuneration of Chief Executive and Executives:		
Remuneration including benefits and perquisites of chief executive and other executives. No of persons 2014: 1 and 653 (2013: 1 and 574) respectively	960,642	830,878
Payments to:		
Employees' Provident Fund Trust	76,159	69,417
Employees' Gratuity Fund Trust	586,201	91,929
Employees' Pension Fund Trust	94,067	47,191
Others:		
Balance receivable from Employees' Fund Trusts	195,478	9,759 *
Balance payable to Employees' Fund Trusts	-	436,283 *

* Comparative figures of receivable / payable balances are as of December 31, 2013.

17. GENERAL

- 17.1** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 17.2** The Board of Directors in its meeting held on April 29, 2014 has proposed first interim dividend of Rs 3.00 per share.
- 17.3** This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on April 29, 2014.


Chairman

Chief Executive

Director



Condensed

**Interim Consolidated
Financial Information**

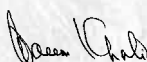
Condensed Interim Consolidated Balance Sheet

As at March 31, 2014

	Note	Un-audited March 31, 2014	Audited December 31, 2013
(Rupees '000)			
EQUITY AND LIABILITIES			
ATTRIBUTABLE TO EQUITY HOLDERS OF FAUJI FERTILIZER COMPANY LIMITED			
Share capital	4	12,722,382	12,722,382
Capital reserves		1,429,169	1,330,727
Revenue reserves	5	13,090,711	14,376,567
Surplus on remeasurement of investments available for sale to fair value		14,093	10,508
		27,256,355	28,440,184
NON - CONTROLLING INTERESTS		5,796,668	6,757,655
TOTAL EQUITY		33,053,023	35,197,839
NON - CURRENT LIABILITIES			
Long term borrowings	6	14,397,664	14,391,192
Deferred liabilities		7,402,677	7,538,766
Liability against assets subject to finance lease		1,206	564
		21,801,547	21,930,522
CURRENT LIABILITIES			
Trade and other payables		29,979,051	30,466,496
Interest and mark-up accrued		685,539	290,784
Short term borrowings		13,094,823	14,985,128
Current portion of long term borrowings		3,812,186	3,812,186
Current portion of liability against assets subject to finance lease		634	849
Taxation		3,996,187	4,710,797
		51,568,420	54,266,240
		106,422,990	111,394,601
CONTINGENCIES AND COMMITMENTS	7		

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

	Note	Un-audited March 31, 2014	Audited December 31, 2013
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	8	44,189,426	44,314,880
Intangible assets		1,995,499	2,014,919
Long term investments	9	24,172,699	23,478,872
Long term loans and advances		770,519	740,408
Long term deposits and prepayments		93,395	83,055
		71,221,538	70,632,134
CURRENT ASSETS			
Stores, spares and loose tools		5,664,048	5,352,138
Stock in trade		3,708,710	1,431,214
Trade debts		2,002,477	2,871,255
Loans and advances		1,105,863	1,500,047
Deposits and prepayments		418,499	84,014
Other receivables		1,800,662	1,046,439
Short term investments	10	14,959,681	24,283,431
Cash and bank balances		5,541,512	4,193,929
		35,201,452	40,762,467
		106,422,990	111,394,601


Chairman

Chief Executive

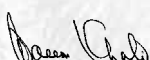
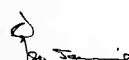
Director

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

For the first quarter ended March 31, 2014

	Note	March 31, 2014	March 31, 2013
		(Rupees'000)	
Sales		23,947,869	24,058,264
Cost of sales	11	15,487,942	14,638,136
GROSS PROFIT		8,459,927	9,420,128
Administrative expenses and distribution cost		2,233,490	2,003,640
		6,226,437	7,416,488
Finance cost		574,556	443,859
Other expenses		602,631	683,170
		5,049,250	6,289,459
Other income		680,523	619,872
Share of profit / (loss) of associate and joint venture		284,828	(39,207)
NET PROFIT BEFORE TAXATION		6,014,601	6,870,124
Provision for taxation		2,187,958	2,521,123
NET PROFIT AFTER TAXATION		3,826,643	4,349,001
ATTRIBUTABLE TO:			
Equity holders of Fauji Fertilizer Company Limited		3,803,097	4,107,279
Non - controlling interests		23,546	241,722
		3,826,643	4,349,001

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


Chairman

Chief Executive

Director

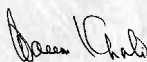
Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)
For the first quarter ended March 31, 2014

	March 31, 2014	March 31, 2013
	(Rupees'000)	
Net profit after taxation	3,826,643	4,349,001
Other comprehensive income		
Exchange difference on translating foreign investment	146,382	272,646
Surplus on remeasurement of investments available for sale to fair value	3,607	1,262
	149,989	273,908
Income tax relating to component of other comprehensive income	(22)	223
Other comprehensive income - net of tax	149,967	274,131
Total comprehensive income for the quarter	3,976,610	4,623,132
ATTRIBUTABLE TO:		
Equity holders of Fauji Fertilizer Company Limited	3,905,280	4,292,119
Non - controlling interests	71,330	331,013
	3,976,610	4,623,132

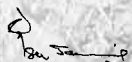
The annexed notes 1 to 15 form an integral part of these condensed interim consolidated financial statements.



Chairman



Chief Executive



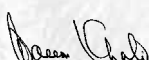
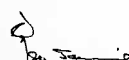
Director

Condensed Interim Consolidated Cash Flows Statement (Un-audited)

For the first quarter ended March 31, 2014

	Note	March 31, 2014	March 31, 2013
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	2,558,286	3,649,278
Finance cost paid		(370,972)	(397,477)
Income tax paid		(2,866,695)	(2,939,066)
		(3,237,667)	(3,336,543)
Net cash used in operating activities		(679,381)	312,735
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(802,364)	1,015,145
Proceeds from sale of property, plant and equipment		25,147	10,985
Interest received		513,983	485,567
Advance for purchase of shares in Askari Bank Limited		-	(3,000,000)
Decrease in investments		(69,109)	194,768
Net cash used in investing activities		(332,343)	(1,293,535)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - disbursements		-	4,196,555
- repayments		-	(202,500)
Short Term Borrowings - net		(1,250,000)	-
Payment of Finance Lease		(216)	-
Dividends paid		(4,874,394)	(5,754,898)
Net cash used in financing activities		(6,124,610)	(1,760,843)
Net decrease in cash and cash equivalents		(7,136,334)	(2,741,643)
Cash and cash equivalents at beginning of the quarter		16,409,752	21,324,043
Effect of exchange rate changes		(81,439)	15,127
Cash and cash equivalents at end of the quarter		9,191,979	18,597,527
CASH AND CASH EQUIVALENTS			
Cash and bank balances		5,541,512	11,786,913
Short term highly liquid investments		10,645,290	7,154,614
Short term running finances		(6,994,823)	(344,000)
		9,191,979	18,597,527

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


Chairman

Chief Executive

Director

Condensed Interim Consolidated Statement Of Changes In Equity (Un-audited)

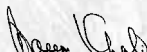
For the first quarter ended March 31, 2014

Attributable to equity holders of Fauji Fertilizer Company Limited									Non-controlling interests	Total
Share capital	Capital reserves			Revenue reserves		Surplus on remeasurement of available for sale investments to fair value				
	Capital reserves	Translation reserve	Statutory reserve	General reserve	Unappropriated profit					
(Rupees '000)										
Balance at January 1, 2013 - as previously reported	12,722,382	276,184	718,441	6,436	5,502,360	9,106,120	7,695	6,194,921	34,534,539	
Change in accounting policy for recognition of actuarial gains and losses	-	-	-	-	-	(219,100)	-	(211,521)	(430,621)	
Balance at January 1, 2013 - as restated	12,722,382	276,184	718,441	6,436	5,502,360	8,887,020	7,695	5,983,400	34,103,918	
Transfer to general reserve	-	-	-	-	1,300,000	(1,300,000)	-	-	-	
Total comprehensive income for the quarter										
Profit for the quarter after taxation	-	-	-	-	-	4,107,279	-	241,722	4,349,001	
Other comprehensive income - net of tax	-	-	183,355	-	-	-	1,485	89,291	274,131	
Total comprehensive income for the quarter - net of tax	-	-	183,355	-	-	4,107,279	1,485	331,013	4,623,132	
Distributions to owners										
FFC dividends:										
Final dividend 2012: Rs 5.00 per share	-	-	-	-	-	(6,361,191)	-	-	(6,361,191)	
Dividend to FFBL non-controlling interest holders:	-	-	-	-	-	-	-	(1,032,378)	(1,032,378)	
Final dividend 2012: Rs 2.25 per share	-	-	-	-	-	-	-	(1,032,378)	(1,032,378)	
Total transactions with owners	-	-	-	-	-	(6,361,191)	-	(1,032,378)	(7,393,569)	
Balance as at March 31, 2013	12,722,382	276,184	901,796	6,436	6,802,360	5,333,108	9,180	5,282,035	31,333,481	
Balance at January 1, 2014	12,722,382	276,184	1,048,107	6,436	6,802,360	7,574,207	10,508	6,757,655	35,197,839	
Total comprehensive income for the quarter										
Profit for the quarter after taxation	-	-	-	-	-	3,803,097	-	23,546	3,826,643	
Other comprehensive income - net of tax	-	-	98,442	-	-	-	3,585	47,940	149,967	
Total comprehensive income for the quarter - net of tax	-	-	98,442	-	-	3,803,097	3,585	71,486	3,976,610	
Distributions to owners										
FFC dividends:										
Final dividend 2013: Rs 4.00 per share	-	-	-	-	-	(5,088,953)	-	-	(5,088,953)	
Dividend to FFBL non-controlling interest holders:	-	-	-	-	-	-	-	(1,032,473)	(1,032,473)	
Final dividend 2013: Rs 2.25 per share	-	-	-	-	-	-	-	(1,032,473)	(1,032,473)	
	-	-	-	-	-	(5,088,953)	-	(1,032,473)	(6,121,426)	
Balance as at March 31, 2014	12,722,382	276,184	1,146,549	6,436	6,802,360	6,288,351	14,093	5,796,668	33,053,023	

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



Chairman



Chief Executive



Director

Notes To The Condensed Interim Consolidated Financial Information (Un-audited)

For the first quarter ended March 31, 2014

1. Fauji Fertilizer Limited Group (the Group) comprises of Fauji Fertilizer Company Limited (FFC / parent company) and its subsidiaries, Fauji Fertilizer Bin Qasim Limited (FFBL), FFC Energy Limited (FFCEL), Askari Bank Limited (AKBL) and Fauji Fresh n Freeze Limited (Formerly Al-Hamd Foods Limited) (FFF) incorporated in Pakistan as public limited companies. During the year FFC acquired effective share holding of 54.1% (43.1% direct interest and effective 11.1% interest acquired through its subsidiary FFBL) of AKBL and 100% shareholding of FFF.

The shares of FFC, FFBL and AKBL are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The registered offices of FFC, FFBL, AKBL and FFCEL are situated in Rawalpindi. The registered office of FFF is situated in Lahore, Pakistan.

The principal activity of FFC and FFBL is manufacturing, purchasing and marketing of fertilizers and chemicals including investment in chemical, other manufacturing and banking operations. AKBL is a commercial bank that obtained its business commencement certificate on February 26, 1992 and started operations from April 01, 1992. FFCEL has setup a 49.5 MW wind energy power project. FFF will principally be engaged in the business of processing fresh, frozen fruit, vegetables, fresh meat, frozen cooked and semi cooked food.

2. This condensed interim consolidated financial report is un-audited and is being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. This condensed interim consolidated financial report of the Group for the period ended March 31, 2014 has been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim consolidated financial report does not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2013. Comparative condensed interim consolidated balance sheet is extracted from annual audited financial statements for the year ended December 31, 2013 where as comparative condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity are stated from unaudited condensed interim financial report for the period ended March 31, 2013.

3. The Securities and Exchange Commission of Pakistan vide letter EMD/233/492/2002-1605 dated April 23, 2014 has relaxed the requirement of subsection (i) of Section 237 of the Companies Ordinance, 1984 and exempted the Group from consolidating AKBL in its financial statements for the quarter ended March 31, 2014 subject to disclosure of financial highlights (balance sheet and profit and loss account) of AKBL, disclosure of nature of auditors opinion on the financial statements of AKBL and availability of the financial statements of AKBL to the members at the registered office of FFC without any cost.

The Financial Highlights of AKBL are included in note 14 to the consolidated financial statements of the Company. Quarterly financial statements are not subjected to audit / review therefore the nature of auditors opinion is not relevant. Financial statements of AKBL are available for the inspection of members at the registered office of FFC without any cost.

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

2014	2013		Un-audited March 31, 2014	Audited December 31, 2013
(Numbers)			(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
1,015,742,345	1,015,742,345	Ordinary shares of Rs.10 each issued as fully paid bonus shares	10,157,423	10,157,423
<u>1,272,238,247</u>	<u>1,272,238,247</u>		<u>12,722,382</u>	<u>12,722,382</u>

AUTHORISED SHARE CAPITAL

This represents 1,500,000,000 (2013: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2013: Rs 15,000,000 thousand).

Notes To The Condensed Interim Consolidated Financial Information

For the first quarter ended March 31, 2014

	Note	Un-audited March 31, 2014	Audited December 31, 2013
		(Rupees '000)	
5. REVENUE RESERVES			
General reserve		6,802,360	6,802,360
Unappropriated profit		6,288,351	7,574,207
		<u>13,090,711</u>	<u>14,376,567</u>
6. LONG TERM BORROWINGS			
Loans from banking companies - secured	6.1	5,740,000	5,740,000
Long term loan - Government of Pakistan loan FFBL (un-secured)	6.2	2,592,802	2,592,802
Long term loan - FFCEL (secured)	6.3	9,286,951	9,280,479
Long term loan - FFF (MCB)	6.4	590,097	590,097
		<u>18,209,850</u>	<u>18,203,378</u>
Less: Current portion shown under current liabilities		3,812,186	3,812,186
		<u>14,397,664</u>	<u>14,391,192</u>
6.1 Movement in this account during the period / year is as follows:			
Opening balance		5,740,000	5,303,750
Disbursements during the period / year		-	1,950,000
Repayments during the period / year		-	(1,513,750)
Closing balance		<u>5,740,000</u>	<u>5,740,000</u>
6.2 Movement in this account during the period / year is as follows:			
Opening balance		2,592,802	2,514,867
Adjustment during the period / year		-	77,935
Closing balance		<u>2,592,802</u>	<u>2,592,802</u>
6.3 Movement in this account during the period / year is as follows:			
Opening balance		9,280,479	9,500,642
Less: Transaction Cost			
Initial transaction cost		-	(269,797)
Amortised during the year		6,472	49,634
Closing balance		<u>9,286,951</u>	<u>9,280,479</u>
6.4 Movement in this account during the period / year is as follows:			
Opening balance		590,097	593,910
Less: Transaction Cost		-	(4,000)
Amortised during the year		-	187
Closing balance		<u>590,097</u>	<u>590,097</u>

Notes To The Condensed Interim Consolidated Financial Information

For the first quarter ended March 31, 2014

	Un-audited March 31, 2014	Audited December 31, 2013
	(Rupees '000)	
7. CONTINGENCIES AND COMMITMENTS		
a) Contingencies:		
i) Guarantees issued by banks on behalf of the Group companies	177,453	88,979
ii) Claims against FFC and / or potential exposure not acknowledged as debt	50,696	50,696
iii) The Competition Commission of Pakistan has imposed a penalty of Rs 5.5 billion on FFC for alleged unreasonable increase in urea prices during the year 2011. However, the fact remains that price increase was essentially caused by extended gas curtailment and delayed urea imports by the Government of Pakistan resulting in product shortage leading to market imbalance and price hike. FFC has filed an appeal against the above penalty before the Competition Appellate Tribunal. Based on legal advice from the FFC's legal advisor, FFC is confident that there are reasonable grounds for a favourable decision.		
	Un-audited March 31, 2014	Audited December 31, 2013
	(Rupees '000)	
iv) Indemnity bonds and undertakings given to the custom authorities for the machinery imported by FFBL for installation at plantsite	119,650	119,650
v) Group's share of contingencies in Fauji Cement Company Limited as at December 31, 2013.	21,764	130,584
vi) FFBL's share of contingent liabilities of Foundation Wind Energy - I Limited as at December 31, 2013.	69,619	69,619
vii) FFBL's share of contingent liabilities of Foundation Wind Energy - II (Private) Limited as at December 31, 2013.	60,975	-
b) Commitments in respect of:		
i) Capital expenditure	4,056,704	1,916,960
ii) Purchase of fertilizer, stores, spares and other operational items	4,136,860	3,527,402
iii) Investment in Fauji Fresh n Freeze Limited (Formerly Al-Hamd Foods Limited)	550,000	550,000
iv) FFBL's share of commitments of investment in wind projects	2,842,809	3,022,155
v) Group's share of commitments of PMP as at December 31, 2013.	282,604	271,442
vi) Rentals under lease agreements:		
Premises	210,884	187,356
Vehicles	92,196	91,625

Notes To The Condensed Interim Consolidated Financial Information

For the first quarter ended March 31, 2014

	Note	Un-audited March 31, 2014	Audited December 31, 2013
		(Rupees '000)	
8. PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		44,314,880	42,679,047
Additions during the period / year		802,364	5,059,109
Written down value of disposals / adjustments		(2,198)	(29,522)
Depreciation during the period / year		(925,620)	(3,393,754)
Closing written down value		<u>44,189,426</u>	<u>44,314,880</u>
9. LONG TERM INVESTMENTS			
Askari Bank Limited	9.1	15,692,911	15,692,911
Equity accounted investments	9.2	8,263,849	7,567,355
Other long term investments	9.3	215,939	218,606
		<u>24,172,699</u>	<u>23,478,872</u>

9.1 Investment in AKBL - at cost

Investment in AKBL represents 526,184 thousand fully paid ordinary shares of Rs 10 each acquired on June 20, 2013 representing 64.7% of AKBL's share capital, being 43.1% direct interest and 21.6% interest acquired through FFBL. In addition, 289,402 thousand shares of Rs 10 each were subscribed by way of right subscription during 2013.

	Un-audited March 31, 2014	Audited December 31, 2013
	(Rupees '000)	
9.2 Equity accounted investments		
Investment in associated company - under equity method		
Fauji Cement Company Limited (FCCL)		
Cost of investment	1,800,000	1,800,000
Post acquisition profits at the beginning	349,878	309,528
Share of profit for the period / year	52,488	180,972
Dividend received	(14,062)	(140,622)
Balance at the end	2,188,304	2,149,878
Foundation Wind Energy - I Limited		
Advance for issue of shares - balance at beginning	923,941	329,390
Advance for issue of shares during the period / year	83,120	603,664
Share of loss for the year	(937)	(9,113)
	1,006,124	923,941
Foundation Wind Energy - II (Private) Limited		
Advance for issue of shares - balance at beginning	971,100	620,290
Advance paid during the period / year	96,226	357,546
Share of profit / (loss) for the year	11,901	(6,736)
	1,079,227	971,100
Investment in joint venture - under equity method		
Pakistan Maroc Phosphore S.A., Morocco (PMP)		
Cost of investments	2,117,075	2,117,075
Post acquisition (loss) / profit brought forward	(155,301)	153,657
Share of profit / (loss) for the period / year	221,376	(308,958)
Gain on translation of net assets	1,705,044	1,558,662
	3,888,194	3,520,436
Advance paid against issue of shares		
Fauji Meat Limited	101,000	1,000
Fauji Food Limited	1,000	1,000
	<u>102,000</u>	<u>2,000</u>
	<u>8,263,849</u>	<u>7,567,355</u>

Notes To The Condensed Interim Consolidated Financial Information

For the first quarter ended March 31, 2014

	Note	Un-audited March 31, 2014	Audited December 31, 2013
		(Rupees '000)	
9.3 Other long term investments			
Investment available for sale			
Certificates of Investment		116,673	118,239
Pakistan Investment Bonds		59,559	59,497
Term Finance Certificates		99,546	96,000
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)
		-	-
		275,778	273,736
Less: Current portion shown under short term investments	10		
Investments available for sale			
Certificates of Investment		30,714	26,005
Pakistan Investment Bonds		-	29,125
Term Finance Certificates		29,125	-
		59,839	55,130
		215,939	218,606
10. SHORT TERM INVESTMENTS			
Term deposits with banks and financial institutions			
Loans & receivables			
Local currency		13,279,237	18,620,000
Foreign currency		1,268,273	1,335,731
Investments at fair value through profit or loss - Held for trading		352,332	4,272,570
Current maturity of long term investments	9.3	59,839	55,130
		14,959,681	24,283,431

Notes To The Condensed Interim Consolidated Financial Information (Un-audited) For the first quarter ended March 31, 2014

	March 31, 2014	March 31, 2013
	(Rupees'000)	
11. COST OF SALES		
Raw materials consumed	10,070,832	11,051,869
Fuel and power	2,240,840	2,035,793
Chemicals and supplies	122,033	144,228
Salaries, wages and benefits	1,547,785	1,392,462
Training and employees welfare	204,080	156,385
Rent, rates and taxes	7,149	8,041
Insurance	84,939	100,712
Travel and conveyance	150,556	117,093
Repairs and maintenance	635,845	1,052,548
Depreciation and amortisation	906,018	714,793
Communication and other expenses	317,327	295,066
Opening stock - work in process	94,839	58,831
Closing stock - work in process	(116,852)	(87,751)
Cost of goods manufactured	16,265,391	17,040,070
Add: Opening stock - manufactured fertilizers	619,020	2,074,052
Less: Closing stock - manufactured fertilizers	(1,412,905)	(4,639,701)
	(793,885)	(2,565,649)
Cost of sales - manufactured fertilizers	15,471,506	14,474,421
Opening stock of purchased fertilizers	-	274,029
Purchase of fertilizers for resale	113,566	-
	113,566	274,029
Less: Closing stock of purchased fertilizers	(97,130)	(110,314)
Cost of sale of purchased fertilizers	16,436	163,715
	15,487,942	14,638,136

Notes To The Condensed Interim Consolidated Financial Information (Un-audited)

For the first quarter ended March 31, 2014

	March 31, 2014	March 31, 2013
	(Rupees '000)	
12. CASH GENERATED FROM OPERATIONS		
Net profit before taxation	6,014,601	6,870,124
Adjustments for:		
Depreciation and amortisation	942,407	729,813
Finance cost	574,556	443,859
Impairment	576	-
Income on loans, deposits and investments	(514,904)	(479,521)
Share of (loss) / profit of associate and joint venture	(284,828)	39,207
Gain on sale of property, plant and equipment	(23,525)	(10,317)
Gain on sale of Investments	(75,310)	-
Exchange gain	(147,597)	24,642
Dividend Income	(70,313)	-
Gain on remeasurement of investments at fair value through profit or loss	(7,377)	(96,103)
	393,685	651,580
	6,408,286	7,521,704
Changes in working capital		
(Increase) / decrease in current assets:		
Stores and spares	(311,910)	(297,978)
Stock in trade	(2,347,669)	(3,490,078)
Trade debts	938,952	3,213,598
Loans and advances	390,256	(88,671)
Deposits and prepayments	(264,011)	(539,034)
Other receivables	(1,124,170)	(964,501)
Decrease in current liabilities:		
Trade and other payables	(959,085)	(1,548,619)
	(3,677,637)	(3,715,283)
Changes in long term loans and advances	(26,183)	24,359
Changes in long term deposits and prepayments	(10,091)	(216)
Changes in deferred liabilities	(136,089)	(181,286)
	2,558,286	3,649,278

Notes To The Condensed Interim Consolidated Financial Information (Un-audited)

For the first quarter ended March 31, 2014

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, 2014	March 31, 2013
	(Rupees '000)	
Transactions with associated undertakings / companies due to common directorship		
Rent charged to Group Companies	324	300
Others	26,155	-
Dividends paid	2,620,329	3,184,566
Purchase of gas as feed and fuel stock	7,414,114	5,564,443
Services received	58,712	-
Long term investment	279,346	1,411,675
Balance payable - unsecured	1,379,336	9,262,274 *
Balance receivable - unsecured	42,582	8,726 *
Transactions with joint venture company		
Raw material purchased	4,351,800	6,292,881
Expenses incurred on behalf of joint venture company	4,340	5,517
Balances payable	3,545,569	3,370,005 *
Balance receivable	21,776	19,989 *
Other related parties		
Remuneration including benefits and perquisites of Chief Executives and Executives, No. of persons 2014: 3 and 647 (2013: 2 and 589)	1,040,390	1,268,239
Payments to:		
Employees' Provident Fund Trust	90,678	80,897
Employees' Gratuity Fund Trust	604,152	106,686
Employees' Pension Fund Trust	94,067	47,191
Others:		
Balance receivable from Employee's Fund Trusts	195,478	9,759 *
Balance payable to Employee's Fund Trusts	1,100,934	609,936 *

* Comparative figures of receivable/payable balances are as of December 31, 2013.

Notes To The Condensed Interim Consolidated Financial Information

For the first quarter ended March 31, 2014

14. DISCLOSURES RELATING TO ASKARI BANK LIMITED (AKBL)

The condensed interim consolidated Statement of Financial Position of AKBL as at March 31, 2014 and condensed interim Consolidated Profit and Loss Account for the first quarter ended March 31, 2014 are as follows:

	(Un-audited) March 31, 2014	(Audited) December 31, 2013
	(Rupees '000)	
ASSETS		
Cash and balances with treasury banks	27,298,542	26,104,835
Balances with other banks	8,482,694	9,124,531
Lendings to financial institutions	1,294,101	2,503,207
Investments	154,173,923	165,897,833
Advances	169,837,274	163,560,629
Operating fixed assets	8,602,519	8,623,410
Deferred tax assets - net	2,491,235	2,999,526
Other assets	17,403,027	16,282,792
	389,583,315	395,096,763
LIABILITIES		
Bills payable	5,067,551	5,687,542
Borrowings	42,786,074	24,545,879
Deposits and other accounts	307,365,488	335,173,378
Sub-ordinated loans	3,994,400	3,994,400
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	10,170,563	6,724,055
	369,384,076	376,125,254
NET ASSETS	20,199,239	18,971,509
REPRESENTED BY:		
Share capital	12,602,602	12,602,602
Reserves	4,220,334	5,612,416
Unappropriated profit / (loss)	1,047,508	(1,370,719)
	17,870,444	16,844,299
Non-controlling interest	32,096	31,359
	17,902,540	16,875,658
Surplus on revaluation of assets - net of tax	2,296,699	2,095,851
	20,199,239	18,971,509
CONTINGENCIES AND COMMITMENTS		

Notes To The Condensed Interim Consolidated Financial Information (Un-audited)
For the first quarter ended March 31, 2014

	March 31, 2014	March 31, 2013
	(Rupees '000)	
Consolidated Profit and Loss Account		
Mark-up / return / interest earned	7,559,640	7,286,464
Mark-up / return / interest expensed	5,016,595	5,099,542
Net mark-up / interest income	2,543,045	2,186,922
(Reversal of provision) / provision against non-performing loans and advances - net	(233,707)	214,398
Impairment loss on available for sale investments	35,153	50,708
Provision for diminution in the value of investments - net	82,397	116,521
Bad debts written off directly	-	-
	(116,157)	381,627
Net mark-up / interest income after provisions	2,659,202	1,805,295
Non mark-up / interest income		
Fee, commission and brokerage income	365,327	268,068
Dividend income	49,008	76,725
Income from dealing in foreign currencies	298,970	148,265
Gain on sale of securities - net	679,955	245,557
Unrealised gain on revaluation of investments classified as held for trading - net	3,230	1,191
Other income	173,001	113,115
	1,569,491	852,921
Total non-markup / interest income	4,228,693	2,658,216
Non mark-up / interest expenses		
Administrative expenses	2,768,813	2,234,046
Other provisions / write offs	-	-
Other charges	3	2,108
Total non-markup / interest expenses	2,768,816	2,236,154
	1,459,877	422,062
Share of profit of associate	11,616	5,362
Extra ordinary / unusual items	-	-
Profit before taxation	1,471,493	427,424
Taxation - current	32,366	165,617
- prior years'	-	-
- deferred	398,655	(16,998)
	431,021	148,619
Profit after taxation	1,040,472	278,805
Attributable to:		
Equity holders of the Bank	1,039,735	278,389
Non-controlling interest	737	416
	1,040,472	278,805

Notes To The Condensed Interim Consolidated Financial Information

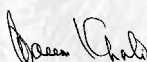
For the first quarter ended March 31, 2014

15. GENERAL

- 15.1** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 15.2** The Board of Directors of FFC in its meeting held on April 29, 2014 proposed a first interim dividend of Rs.3.00 per share.
- 15.3** This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of FFC on April 29, 2014.



Chairman



Chief Executive



Director

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