

BOOK POST
UNDER POSTAL CERTIFICATE

Quarterly

FINANCIAL STATEMENTS

September 30, 2005 (Un-Audited)



If undelivered please return to:



93-Harley Street, Rawalpindi, Pakistan: Tel: (051) 9272308-15



FAUJI FERTILIZER COMPANY LIMITED

Company Information

BOARD OF DIRECTORS

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

Lt Gen Mahmud Ahmed, HI(M) (Retired)
Chief Executive and Managing Director

Dr Haldor Topsoe

Mr. Qaiser Javed

Brig Arshad Shah, SI(M) (Retired)

Mr. Tariq Iqbal Khan

Brig Aftab Ahmed, SI(M) (Retired)

Brig Ghazanfar Ali, SI(M) (Retired)

Syed Zaheer Ali Shah

Mr. Khawar Saeed

Dr. Nadeem Inayat

Mr. Istaqbal Mehdi

Brig Munawar Ahmed Rana, SI(M) (Retired)

SECRETARY

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

REGISTERED OFFICE

93-Harley Street, Rawalpindi Cantt.

Website: www.ffc.com.pk

E-mail: ffcrwp@ffc.com.pk

PLANTSITES

Goth Machhi, Sadikabad
(Distt : Rahim Yar Khan)

Mirpur Mathelo
(Distt: Ghotki)

MARKETING DIVISION

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

KARACHI OFFICE

B-35, KDA Scheme No. 1
Karachi

AUDITORS

M/s Taseer Hadi Khalid & Co.
Chartered Accountants

Directors' Review

For the Nine Months Ended September 30, 2005

Ladies and Gentlemen,

On behalf of the Board, I am privileged to welcome you to the Third Quarter - 2005 review of FFC's operating results and to present the unaudited financial statements of your Company and consolidated financial statements of the Company and its subsidiary Fauji Fertilizer Bin Qasim Limited (FFBL) for the quarter and nine months ended September 30, 2005.

It pleases me to announce record nine months net earnings of Rs. 3.49 billion which grew by 13% over the corresponding period of last year, leveraged by high demand for our product and 12.5% dividend from FFBL.

The rise in cost of feed and fuel gas effective July 1, 2005 under the Fertilizer Policy 2001, in addition to fuel gas price hike in the first quarter, impacted our gross profits for the quarter and the nine months compared to 2004. However, increased fertilizer offtake and enhancement in capacity utilization achieved in the first quarter, enabled us to improve our gross profit to a record Rs. 6.46 billion, which increased by 13% over profit for the corresponding three quarters of last year.

Our investment income of Rs. 906 million was supplemented by Rs. 594 million dividend earnings from the Company's venture in FFBL, which rose by 2.50% over distribution for 2004. FFBL Board of Directors has announced a further dividend of 7.5% in their meeting held on October 20th, 2005, which shall be incorporated in the financial statements for the next period. The Company's offshore investment in Pakistan Maroc Phosphore (PMP) also increased to Rs. 367.49 million pursuant to the second and third Equity calls by PMP. The investment now aggregates to MAD 53.13 million against a total commitment of MAD 100 million.

The Company earned Rs. 7.78 and Rs. 3.55 per share during the nine months and quarter respectively. The EPS grew by Re. 0.88 and Re. 0.14 over restated earnings for the corresponding periods of last year owing to increased share capital of Rs. 4.486 billion effected by issuance of 15% bonus shares announced in July 2005. The Board is pleased to announce third interim dividend of Rs. 3.25 per share (32.5%) and a further bonus issue of 10%.

Sales revenue of Rs. 16.75 billion for the three quarters registered a growth of 21% over revenue for the corresponding period of last year mainly due to 9% increased urea offtake consisting of 1,685 thousand tonnes of 'Sona' urea and 157 thousand tonnes of imported urea. The Company also marketed 63 thousand tonnes of DAP and phosphatic fertilizers. 'Sona' urea offtake represented almost 100% of production which at 1,691 thousand tonnes, increased by 5 % over the output for the same period of 2004.

Enhanced agricultural production on account of improved water availability and higher crop support prices augmented fertilizer demand through the third quarter of 2005 and the demand supply gap is likely to widen in the remainder of the year. The Company is therefore, set to maximize its urea production capacities and further consolidate its market presence. Our Plant III at Mirpur Mathelo achieved highest ever monthly production during the quarter with an aggregate output of 510 thousand tonnes during the nine months, while Plants I & II at Goth Machhi achieved a growth of 10% over last year's production by delivering 1,181 thousand tonnes during the period at operating efficiencies of 117% and 120% respectively.

The Company continued its contribution to agronomy through crop demonstrations and distribution of crop brochures, farmer meetings and discussions. Contribution to the national exchequer by way of taxes, levies, excise duty, sales tax and surcharge on gas aggregated to Rs. 6.8 billion during the three quarters. The Kashtkar Desk was also updated with new rice cultivation documentary on Company's marketing website www.ffcsona.net.pk

Our DAP offtake stood at 370 thousand tonnes which included 322 thousand tonnes of FFBL's 'Sona' DAP while 439 thousand tonnes of 'Sona' urea granular and 41 thousand tonnes of imported urea were also marketed on behalf of FFBL. The industry witnessed 3,698 thousand tonnes of urea sales and the DAP market was documented at 727 thousand tonnes. Company's integrated market shares of Urea and DAP were thus recorded at 63% and 51% respectively with FFC's closing inventories of 11 thousand tonnes of urea and 37 thousand tonnes of DAP.

The Board has approved a donation of over Rs. 40 million to the President's Relief Fund for Earthquake Victims.

Our strategies and resilience are validated by our accomplishments over the years. We remain steadfast in our determination for enhancing stakeholders' value by exploring growth ventures and delivering paramount business solutions for our commercial partners. Brand preference by our agrarian partners in a robust demand situation, leveraged by favourable climatic and economic environments, provides us confidence for a record year provided the gas prices remain stable and no further calamities are encountered.



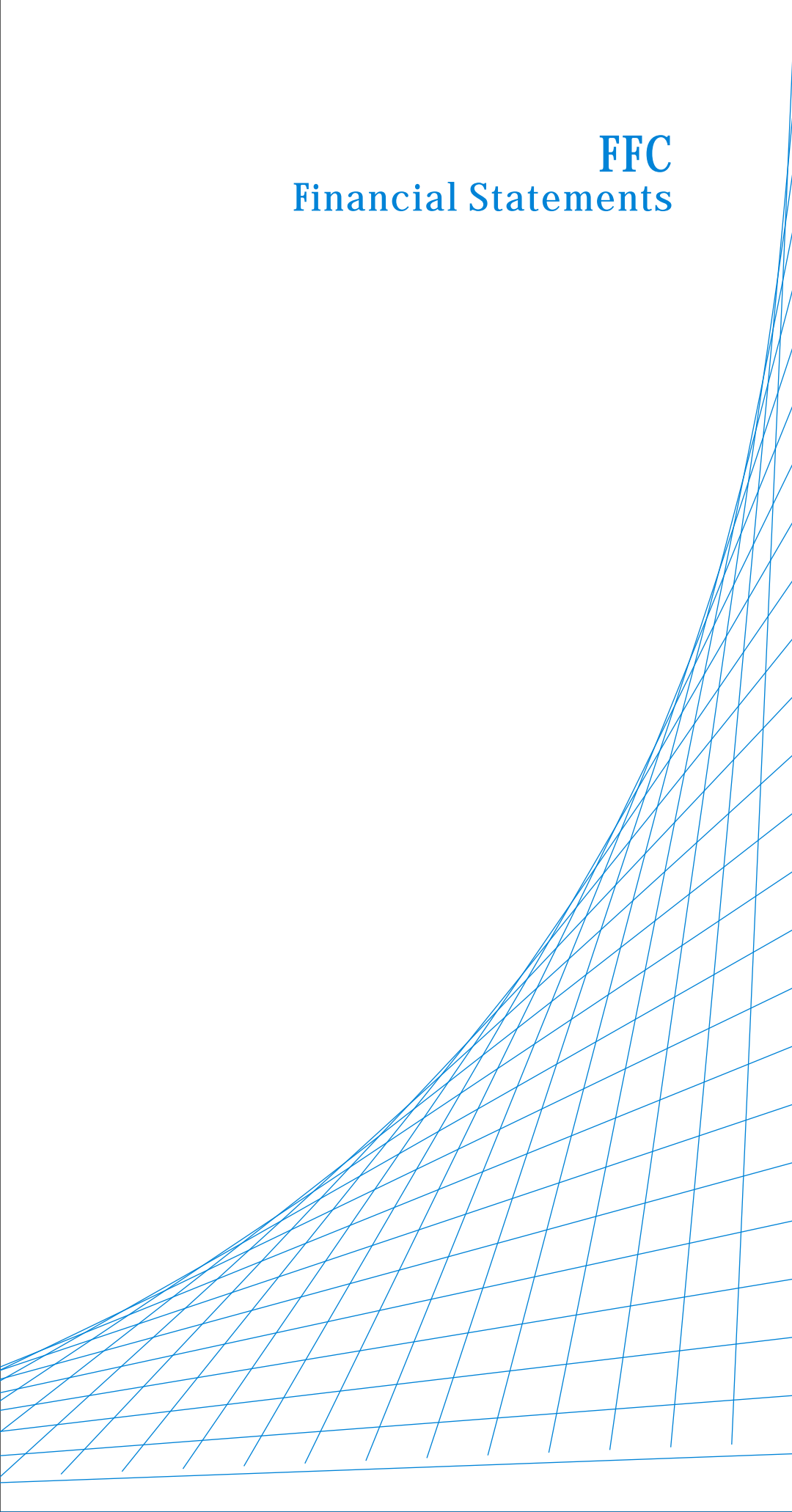
CHAIRMAN

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

Rawalpindi
October 26, 2005



FFC
Financial Statements



Balance Sheet

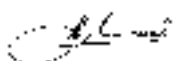
As at September 30, 2005 (Un-Audited)

	Note	September 30, 2005	December 31, 2004
		(Rupees '000)	
SHARE CAPITAL AND RESERVES			
Share capital	4	4,486,129	2,949,703
Capital reserve		160,000	160,000
Reserve for issue of bonus shares		448,613	442,455
Revenue reserves	5	7,398,809	8,742,749
		12,493,551	12,294,907
NON CURRENT LIABILITIES	6	1,595,660	2,868,403
DEFERRED TAXATION			
		2,316,000	2,407,000
CURRENT LIABILITIES			
Trade and other payables		4,860,530	5,831,105
Interest and mark - up accrued		97,635	74,233
Short term borrowings		1,557,596	100,000
Current portion of long term:			
- Financing		1,745,661	2,184,088
- Loan		870	1,741
- Murabaha		83,333	83,333
Taxation		1,358,232	598,297
		9,703,857	8,872,797
CONTINGENCIES AND COMMITMENTS	7		
		26,109,068	26,443,107

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

		September 30,	December 31,
	Note	2005	2004
		(Rupees '000)	
PROPERTY, PLANT AND EQUIPMENT	8	9,152,957	9,180,716
GOODWILL		1,700,002	1,778,464
LONG TERM INVESTMENTS	9	6,067,311	5,765,699
LONG TERM LOANS AND ADVANCES		61,907	67,328
LONG TERM DEPOSITS AND PREPAYMENTS		4,461	3,492
CURRENT ASSETS			
Stores, spares and loose tools		1,930,257	1,727,309
Stock in trade		898,398	219,180
Trade debts		647,023	1,407,736
Loans and advances		131,195	86,368
Deposits and prepayments		62,669	24,633
Other receivables		561,982	560,895
Short term investments	10	3,422,622	4,565,457
Cash and bank balances		1,468,284	1,055,830
		9,122,430	9,647,408
		<u>26,109,068</u>	<u>26,443,107</u>


Chairman


Chief Executive


Director

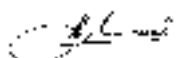
Profit and Loss Account

For the period ended September 30, 2005 (Un-Audited)

	Note	For the quarter ended		For the period ended	
		September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
		(Rupees '000)			
Sales		6,378,367	5,802,191	16,748,122	13,874,747
Cost of sales	11	4,075,826	3,514,294	10,287,351	8,160,140
GROSS PROFIT		2,302,541	2,287,897	6,460,771	5,714,607
Distribution cost		549,763	347,611	1,497,392	1,126,090
		1,752,778	1,940,286	4,963,379	4,588,517
Finance cost		85,189	111,658	229,096	283,968
Other expenses		180,551	184,980	459,226	426,721
		1,487,038	1,643,648	4,275,057	3,877,828
Other income	12	723,232	577,826	905,930	813,668
NET PROFIT BEFORE TAXATION		2,210,270	2,221,474	5,180,987	4,691,496
Provision for taxation		617,000	690,000	1,689,000	1,597,000
NET PROFIT AFTER TAXATION		1,593,270	1,531,474	3,491,987	3,094,496
Earnings per share - basic and diluted (Rupees) 13		3.55	3.41	7.78	6.90

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


Chairman


Chief Executive


Director

Cash Flow Statement

For the period ended September 30, 2005 (Un-Audited)

	Note	September 30, 2005	September 30, 2004
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	3,862,919	4,465,891
Finance cost paid		(205,694)	(276,210)
Income tax paid		(1,020,065)	(1,975,170)
Net cash generated from operating activities		2,637,160	2,214,511
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(518,339)	(387,498)
Proceeds from sale of property, plant and equipment		15,446	19,284
Interest received		273,276	272,420
Advance against equity investment in foreign company		(188,187)	–
(Increase)/decrease in investments		(2,041,132)	55,875
Dividend received from FFBL		594,041	–
Net cash used in investing activities		(1,864,895)	(39,919)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - repayments		(1,665,776)	(162,719)
Long term loans - repayments		(871)	(870)
Long term murabaha - repayments		(41,667)	(41,667)
Increase/(decrease) in short term borrowings		1,457,596	(914,225)
Dividends paid		(3,163,600)	(3,231,143)
Net cash used in financing activities		(3,414,318)	(4,350,624)
Net decrease in cash and cash equivalents		(2,642,053)	(2,176,032)
Cash and cash equivalents at beginning of the period		4,108,330	3,039,894
Effect of exchange rate changes		2,007	200
Cash and cash equivalents at close of the period representing cash and bank balances		1,468,284	864,062

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


Chairman


Chief Executive


Director

Statement of Changes in Equity

For the period ended September 30, 2005 (Un-Audited)

	Share capital	Capital reserve	Reserve for issue of bonus shares (Rupees '000')	General reserve	Unappropriated profit	Total
Balance at January 1, 2004	2,564,959	160,000	–	8,600,000	197,753	11,522,712
Net profit for the period ended September 30, 2004	–	–	–	–	3,094,496	3,094,496
Transfer from general reserve	–	–	384,744	(700,000)	315,256	–
Dividends						
First interim Rs. 3.25 per share	–	–	–	–	(833,612)	(833,612)
Second interim Rs. 4.75 per share	–	–	–	–	(1,218,356)	(1,218,356)
Third interim Rs. 4.00 per share	–	–	–	–	(1,179,881)	(1,179,881)
Bonus shares issued	384,744	–	(384,744)	–	–	–
Balance at September 30, 2004	<u>2,949,703</u>	<u>160,000</u>	<u>–</u>	<u>7,900,000</u>	<u>375,656</u>	<u>11,385,359</u>
Balance at January 1, 2005	2,949,703	160,000	442,455	7,450,000	1,292,749	12,294,907
Net profit for the period ended September 30, 2005	–	–	–	–	3,491,987	3,491,987
Transfer from general reserve	–	–	–	(60,000)	60,000	–
Dividends						
Final 2004:Rs. 3.00 per share	–	–	–	–	(884,911)	(884,911)
First interim 2005:Rs. 2.50 per share	–	–	–	–	(848,039)	(848,039)
Second interim 2005:Rs. 4.00 per share	–	–	–	–	(1,560,393)	(1,560,393)
Transfer from un appropriated profit	–	–	1,542,584	–	(1,542,584)	–
Bonus shares issued	1,536,426	–	(1,536,426)	–	–	–
Balance at September 30, 2005	<u>4,486,129</u>	<u>160,000</u>	<u>448,613</u>	<u>7,390,000</u>	<u>8,809</u>	<u>12,493,551</u>

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


Chairman


Chief Executive


Director

Notes to the Financial Statements

For the period ended September 30, 2005 (Un-Audited)

1. Fauji Fertilizer Company Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913, (now the Companies Ordinance, 1984) and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The registered office of the Company is situated in Rawalpindi, Pakistan. The principal activity of the Company is manufacturing, purchasing and marketing of fertilizers and chemicals, including investment in other fertilizer and chemical manufacturing operations.
2. These financial statements are unaudited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. These financial statements are presented in condensed form in accordance with the requirements of International Accounting Standard (IAS) 34: Interim Financial Reporting.
3. Accounting policies adopted for preparation of these financial statements are the same as those applied in preparation of the annual financial statements for the year ended December 31, 2004 except for the following:

3.1 Investments available for sale

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

3.2 Investments at fair value through profit or loss

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

4. SHARE CAPITAL

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

September 30, 2005		December 31, 2004		September 30, 2005		December 31, 2004	
				(Rupees '000)			
256,495,902	256,495,902	Ordinary shares of Rs 10 each fully paid in cash.		2,564,959		2,564,959	
192,117,033	38,474,385	Ordinary shares of Rs. 10 each issued as fully paid bonus shares.		1,921,170		384,744	
<u>448,612,935</u>	<u>294,970,287</u>			<u>4,486,129</u>		<u>2,949,703</u>	

AUTHORISED SHARE CAPITAL

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

Notes to the Financial Statements

For the period ended September 30, 2005 (Un-Audited)

		September 30, 2005	December 31, 2004
	Note	(Rupees '000)	
5. REVENUE RESERVES			
General reserve		7,390,000	7,450,000
Unappropriated profit		8,809	1,292,749
		<u>7,398,809</u>	<u>8,742,749</u>
6. NON CURRENT LIABILITIES			
Long term financing - secured	6.1	3,341,321	5,010,824
Long term murabaha - secured	6.2	83,333	125,000
Government of Pakistan loan - secured	6.3	870	1,741
		<u>3,425,524</u>	<u>5,137,565</u>
Less: Amount payable within twelve months shown as current maturity		1,829,864	2,269,162
		<u>1,595,660</u>	<u>2,868,403</u>
6.1 Movement in this account during the period/year is as follows:			
Opening balance		5,010,824	5,835,490
Disbursements during the period/year		–	657,890
Repayments during the period/year		(1,669,503)	(1,482,556)
Closing balance		<u>3,341,321</u>	<u>5,010,824</u>
6.2 Movement in this account during the period/year is as follows:			
Opening balance		125,000	208,333
Repayments during the period/year		(41,667)	(83,333)
Closing balance		<u>83,333</u>	<u>125,000</u>
6.3 Movement in this account during the period/year is as follows:			
Opening balance		1,741	3,481
Repayments during the period/year		(871)	(1,740)
Closing balance		<u>870</u>	<u>1,741</u>

Notes to the Financial Statements

For the period ended September 30, 2005 (Un-Audited)

	September 30, 2005 (Rupees '000)	December 31, 2004
7. CONTINGENCIES AND COMMITMENTS		
(a) Contingencies:		
(i) Guarantees issued by banks on behalf of the Company	17,803	26,828
(ii) Disputed demand for Income tax and levy of contribution to Workers' Welfare Fund related to former PSFL decided in favour of the Company by the income tax appellate authorities, are currently in appeal by the department. The Company is confident that there are reasonable grounds for a favourable decision.	295,590	295,590
(iii) Income tax demands, not acknowledged as debt, have been challenged by the Company and are currently in appeal. The Company expects favourable outcome of appeal.	66,000	66,000
(iv) Claims against the Company and/ or potential exposure not acknowledged as debt.	62,776	62,776
(b) Commitments in respect of:		
(i) Capital expenditure	962,202	461,006
(ii) Purchase of fertilizer, stores, spares and other revenue items.	467,468	254,212
(iii) Commitment for equity investment in Pakistan Maroc Phosphore S.A.	314,062	545,903
(iv) Rentals under lease agreements:		
Premises	107,944	103,635
Vehicles	239,427	252,000

Notes to the Financial Statements

For the period ended September 30, 2005 (Un-Audited)

	Note	September 30, 2005	December 31, 2004
		(Rupees '000)	
8. PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		9,180,716	9,259,008
Additions		553,727	930,040
Written down value of disposals/adjustments		(38,782)	(307,858)
Depreciation		(542,704)	(700,474)
Closing written down value		<u>9,152,957</u>	<u>9,180,716</u>
9. LONG TERM INVESTMENTS			
Investment in subsidiary - at cost			
Fauji Fertilizer Bin Qasim Limited (FFBL)		4,752,330	4,752,330
Advance against equity investment in foreign company			
Pakistan Maroc Phosphore S.A., Morocco			
Advance against issue of shares		367,487	179,300
Investments available for sale			
Certificates of investment		275,227	246,525
Government of Pakistan Special US Dollar Bonds		—	969,486
National Savings Certificates		—	500,000
		<u>275,227</u>	<u>1,716,011</u>
Investments held to maturity			
Pakistan Investment Bonds		700,000	700,000
Term Finance Certificates		99,980	20,355
		<u>799,980</u>	<u>720,355</u>
		<u>6,195,024</u>	<u>7,367,996</u>
Less: Current portion shown under short term investments			
Investments available for sale			
Certificates of investment		27,713	12,456
Government of Pakistan Special US Dollar Bonds		—	969,486
National Savings Certificates		—	500,000
		<u>27,713</u>	<u>1,481,942</u>
Investments held to maturity			
Pakistan Investment Bonds		100,000	100,000
Term Finance Certificates		—	20,355
		<u>100,000</u>	<u>120,355</u>
	10	<u>127,713</u>	<u>1,602,297</u>
		<u>6,067,311</u>	<u>5,765,699</u>

Notes to the Financial Statements

For the period ended September 30, 2005 (Un-Audited)

	Note	September 30, 2005	December 31, 2004
		(Rupees '000)	
10. SHORT TERM INVESTMENTS			
Investments available for sale			
Local currency term deposits with banks and financial institutions (net of provision for doubtful recovery Rs 13,000 thousand; 2004: Rs 13,000 thousand)		–	2,550,000
Investments at fair value through profit or loss			
Meezan Balanced Fund		79,000	101,300
National Investment Trust Units		51,308	–
Investments held to maturity			
Foreign currency		904,601	311,860
Local currency		2,260,000	–
Current maturity of long term investments	9	127,713	1,602,297
		<u>3,422,622</u>	<u>4,565,457</u>

	For the quarter ended		For the period ended	
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
	(Rupees '000)			
11. COST OF SALES				
Raw materials consumed	1,217,562	1,054,082	3,373,444	2,922,109
Fuel and power	786,498	655,935	2,119,741	1,811,622
Chemicals and supplies	34,329	26,232	109,892	82,391
Salaries, wages and benefits	341,959	276,953	993,560	833,723
Rent, rates and taxes	2,264	2,724	8,962	7,501
Insurance	22,576	23,128	68,930	70,177
Technical services	3,975	3,480	11,841	10,440
Travel and conveyance	21,326	21,440	68,341	56,017
Repairs and maintenance	127,664	91,656	430,585	375,748
Depreciation	184,500	166,221	531,593	491,947
Communication, establishment and other expenses	101,574	92,301	305,484	240,334
Provision for slow moving and surplus spares	–	24,329	–	44,329
Opening stock-work in process	14,425	16,496	10,192	21,410
Closing stock-work in process	(29,758)	(9,307)	(29,758)	(9,307)
Cost of goods manufactured	2,828,894	2,445,670	8,002,807	6,958,441
Add: Opening stock of manufactured urea	23,230	629,207	22,384	542,435
Less: Closing stock of manufactured urea	(51,000)	(193,192)	(51,000)	(193,192)
	(27,770)	436,015	(28,616)	349,243
Cost of sales - own manufactured urea	2,801,124	2,881,685	7,974,191	7,307,684
Opening stock of purchased fertilizers	419,119	705,428	156,696	102,702
Purchase of fertilizers for resale	1,639,316	1,097	2,940,197	823,670
	2,058,435	706,525	3,096,893	926,372
Less: Closing stock of purchased fertilizers	(783,733)	(73,916)	(783,733)	(73,916)
Cost of sales - purchased fertilizers	1,274,702	632,609	2,313,160	852,456
	<u>4,075,826</u>	<u>3,514,294</u>	<u>10,287,351</u>	<u>8,160,140</u>

Notes to the Financial Statements

For the period ended September 30, 2005 (Un-Audited)

	For the quarter ended September 30, 2005	September 30, 2004	For the period ended September 30, 2005	September 30, 2004
			(Rupees '000)	
12. OTHER INCOME				
Income from financial assets	121,792	83,311	259,342	295,036
Income from subsidiary	600,162	481,856	610,067	488,844
Income from non-financial assets	1,278	12,659	36,521	29,788
	<u>723,232</u>	<u>577,826</u>	<u>905,930</u>	<u>813,668</u>
13. EARNINGS PER SHARE				
Net profit after tax	<u>1,593,270</u>	<u>1,531,474</u>	<u>3,491,987</u>	<u>3,094,496</u>
Weighted average number of shares in issue during the period	<u>448,613</u>	<u>448,613</u>	<u>448,613</u>	<u>448,613</u>
Basic and diluted earnings per share (Rupees)	<u>3.55</u>	<u>3.41</u>	<u>7.78</u>	<u>6.90</u>

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

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

	September 30, 2005	September 30, 2004
	(Rupees '000)	
14. CASH GENERATED FROM OPERATIONS		
Net profit before taxation	5,180,987	4,691,496
Adjustments for:		
Depreciation	539,329	499,605
Amortization of goodwill	78,462	78,462
Provision for slow moving and surplus spares	—	44,329
Finance costs	229,096	264,973
Income on loans, deposits and investments	(277,644)	(278,209)
Gain on sale of property plant & equipment	(8,677)	(15,234)
Exchange (gain)/loss	(8,684)	4,385
Loss on remeasurement of investments at fair value through profit or loss	20,992	—
Dividend from FFBL	(594,041)	(475,233)
	<u>(21,167)</u>	<u>123,078</u>
	<u>5,159,820</u>	<u>4,814,574</u>
Changes in working capital		
(Increase)/ decrease in current assets		
Stores and spares	(202,948)	(82,986)
Stock in trade	(679,218)	340,196
Trade debts	760,713	(79,876)
Loans and advances	(44,827)	(63,564)
Deposits and prepayments	(38,036)	(35,186)
Other receivables	3,281	12,570
Decrease in current liabilities		
Trade and other payables	(1,100,318)	(406,461)
	<u>(1,301,353)</u>	<u>(315,307)</u>
Changes in long term loans and advances	5,421	(2,023)
Changes in long term deposits and prepayments	(969)	(31,353)
	<u>3,862,919</u>	<u>4,465,891</u>

Notes to the Financial Statements

For the period ended September 30, 2005 (Un-Audited)

	September 30, 2005	September 30, 2004
	(Rupees '000)	
15. TRANSACTIONS WITH RELATED PARTIES		
Fauji Foundation		
Office rent	1,800	1,800
Sale of fertilizer	420	4,374
Medical services	—	41
Fauji Fertilizer Bin Qasim Limited (FFBL)		
Marketing of fertilizer on behalf of FFBL under sale on consignment basis	159,682	143,972
Commission on sale of FFBL products	16,026	13,611
Services and materials provided	1,369	4,136
Services and materials received	1,752	1,000
Mari Gas Company Limited		
Purchase of gas as feed and fuel stock	5,039,378	4,334,699
Pakistan Maroc Phosphore S.A., Morocco		
Advance against issue of shares	188,187	—
Haldor Topsoe A/s, Denmark		
Technical services received	11,841	10,440
Payments to:		
Employees' Provident Fund Trust	82,775	72,709
Employees' Gratuity Fund Trust	35,825	29,021
Employees' Pension Fund Trust	33,178	29,627

16. GENERAL

- 16.1** Facilities of letters of guarantee and letters of credit amounting to Rs. 228,900 thousand and Rs. 3,575,000 thousand (2004: Rs. 20,000 thousand and Rs. 2,575,000 thousand) respectively are available to the Company under lien over deposits and import documents.
- 16.2** The Board of Directors in their meeting held on October 26, 2005 have proposed a third interim dividend of Rs. 3.25 per share, which shall be recorded as liability in annual financial statements for 2005 as required by International Accounting Standard 10: "Events after the Balance Sheet Date".

Notes to the Financial Statements

For the period ended September 30, 2005 (Un-Audited)

- 16.3** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 16.4** Due to revision of the Fourth Schedule to the Companies Ordinance, 1984 by the Securities and Exchange Commission of Pakistan vide SRO. 589(1)/2004 dated July 05, 2004, previous period's figures have been re-arranged and/or re-classified, wherever necessary, for the purpose of comparison.
- 16.5** These financial statements have been authorised for issue by the Board of Directors of the Company on October 26, 2005.



Chairman



Chief Executive



Director



Consolidated Financial Statements

Consolidated Balance Sheet**As at September 30, 2005 (Un-Audited)**

		September 30, 2005	December 31, 2004
	Note	(Rupees '000)	
SHARE CAPITAL AND RESERVES			
Share capital	4	4,486,129	2,949,703
Capital reserve		276,184	276,184
Reserve for issue of bonus shares		448,613	442,455
Revenue reserve	5	6,576,487	7,508,753
		11,787,413	11,177,095
MINORITY INTEREST			
		3,901,776	3,508,218
		15,689,189	14,685,313
NON CURRENT LIABILITIES	6	10,897,606	13,164,024
DEFERRED TAXATION			
		3,353,553	2,407,000
CURRENT LIABILITIES			
Trade and other payables		7,457,657	7,729,769
Interest and mark - up accrued		158,841	101,769
Short term borrowings		2,841,648	1,276,625
Current portion of long term:			
- Financing		2,162,605	2,601,032
- Murabaha		122,012	122,012
- Loans		649,071	649,942
- Liabilities against assets subject to finance lease		4,899	6,467
Taxation		1,358,232	598,297
		14,754,965	13,085,913
CONTINGENCIES AND COMMITMENTS	7	44,695,313	43,342,250

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

		September 30, 2005	December 31, 2004
	Note	(Rupees '000)	
PROPERTY, PLANT AND EQUIPMENT	8	23,812,570	23,720,065
INTANGIBLE ASSETS		1,700,002	1,778,464
LONG TERM INVESTMENTS	9	2,049,256	1,371,969
LONG TERM LOANS AND ADVANCES		61,907	67,328
LONG TERM DEPOSITS AND PREPAYMENTS		22,434	22,010
DEFERRED TAX ASSET		—	143,527
CURRENT ASSETS			
Stores, spares and loose tools		2,482,823	2,247,710
Stock in trade		1,704,892	471,432
Trade debts		789,068	1,838,982
Loans and advances		205,389	293,759
Deposits and prepayments		66,376	26,975
Other receivables		904,454	660,129
Short term investments	10	3,422,622	4,565,457
Cash and bank balances		7,473,520	6,134,443
		17,049,144	16,238,887
		<u>44,695,313</u>	<u>43,342,250</u>


Chairman


Chief Executive


Director

Consolidated Profit and Loss Account

For the period ended September 30, 2005 (Un-Audited)

	Note	For the quarter ended		For the period ended	
		September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
			(Rupees '000)		
Sales		10,917,746	10,049,625	27,235,368	21,801,242
Cost of sales	11	7,199,691	6,555,036	17,340,683	13,840,768
GROSS PROFIT		3,718,055	3,494,589	9,894,685	7,960,474
Administrative expenses and distribution cost		875,621	648,056	2,456,786	1,831,730
		2,842,434	2,846,533	7,437,899	6,128,744
Finance cost		144,946	131,869	394,723	341,463
Other expenses		237,777	230,672	588,416	503,821
		2,459,711	2,483,992	6,454,760	5,283,460
Other income	12	243,790	126,983	1,286,139	1,087,444
NET PROFIT BEFORE TAXATION		2,703,501	2,610,975	7,740,899	6,370,904
Provision for taxation		1,061,385	1,066,494	2,870,083	2,430,370
NET PROFIT AFTER TAXATION		1,642,116	1,544,481	4,870,816	3,940,534
ATTRIBUTABLE TO:					
Equity holders of FFC		1,326,330	1,300,843	3,903,661	3,290,304
Minority interest		315,786	243,638	967,155	650,230
		1,642,116	1,544,481	4,870,816	3,940,534
Earnings per share -basic and diluted (Rupees)	13	2.96	2.90	8.70	7.33

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


Chairman


Chief Executive


Director

Consolidated Cash Flow Statement

For the period ended September 30, 2005 (Un-Audited)

	Note	September 30, 2005	September 30, 2004
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	7,488,310	6,519,138
Finance cost paid		(337,651)	(318,512)
Income tax paid		(1,082,680)	(2,011,533)
Compensation received from GOP - net		—	51,800
Net cash generated from operating activities		6,067,979	4,240,893
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,343,643)	(527,174)
Proceeds from sale of property, plant and equipment		19,668	21,872
Interest received		507,388	315,817
Advance against equity investment in foreign company		(188,187)	—
(Increase)/decrease in investments		(2,416,807)	55,875
Net cash used in investing activities		(3,421,581)	(133,610)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of share capital - Right issue		—	242,086
Long term financing - repayments		(1,978,484)	(266,955)
Long term loans - repayments		(871)	(870)
Long term murabaha - repayments		(70,676)	(51,338)
Finance lease paid		(5,326)	(6,955)
Increase/(decrease) in short term borrowings		1,565,023	(1,028,384)
Dividends paid		(3,871,494)	(3,231,143)
Net cash used in financing activities		(4,361,828)	(4,343,559)
Net decrease in cash and cash equivalents		(1,715,430)	(236,276)
Cash and cash equivalents at beginning of the period		9,186,943	4,658,626
Effect of exchange rate changes		2,007	200
Cash and cash equivalents at close of the period			
representing cash and bank balances		7,473,520	4,422,550

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


Chairman


Chief Executive


Director

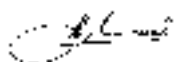
Consolidated Statement of Changes in Equity

For the period ended September 30, 2005 (Un-Audited)

	ATTRIBUTABLE TO EQUITY HOLDERS OF FFC					MINORITY INTEREST	Total Equity
	Share capital	Capital reserve	Reserve for issue of bonus shares	General reserve	Unappropriated profit		
	(Rupees '000')						
Balance at January 1, 2004	2,564,959	279,267	–	8,600,000	(1,536,173)	2,869,903	12,777,956
Issue of share capital	–	–	–	–	–	242,086	242,086
Net Profit for the period ended September 30, 2004	–	–	–	–	3,290,304	650,230	3,940,534
Transfer from general reserve	–	–	384,744	(700,000)	315,256	–	–
Dividends:							
First interim 2004: Rs. 3.25 per share	–	–	–	–	(833,612)	–	(833,612)
Second interim 2004: Rs. 4.75 per share	–	–	–	–	(1,218,356)	–	(1,218,356)
Third interim 2004: Rs. 4.00 per share	–	–	–	–	(1,179,881)	–	(1,179,881)
Bonus shares issued	384,744	–	(384,744)	–	–	–	–
Balance at September 30, 2004	<u>2,949,703</u>	<u>279,267</u>	<u>–</u>	<u>7,900,000</u>	<u>(1,162,462)</u>	<u>3,762,219</u>	<u>13,728,727</u>
Balance at January 1, 2005	2,949,703	276,184	442,455	7,450,000	58,753	3,508,218	14,685,313
Net profit for the period ended September 30, 2005	–	–	–	–	3,903,661	967,155	4,870,816
Transfer from general reserve	–	–	–	(60,000)	60,000	–	–
Dividends:							
Final 2004: Rs 3.00 per share	–	–	–	–	(884,911)	–	(884,911)
First interim 2005: Rs. 2.50 per share	–	–	–	–	(848,039)	–	(848,039)
Second interim 2005: Rs. 4.00 per share	–	–	–	–	(1,560,393)	–	(1,560,393)
FFBL Dividend	–	–	–	–	–	(573,597)	(573,597)
Transfer from unappropriated profit	–	–	1,542,584	–	(1,542,584)	–	–
Bonus shares issued	1,536,426	–	(1,536,426)	–	–	–	–
Balance at September 30, 2005	<u>4,486,129</u>	<u>276,184</u>	<u>448,613</u>	<u>7,390,000</u>	<u>(813,513)</u>	<u>3,901,776</u>	<u>15,689,189</u>

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


Chairman


Chief Executive


Director

Notes to the Consolidated Financial Statements

For the period ended September 30, 2005 (Un-Audited)

1. Fauji Fertilizer Company Limited (FFC/ parent company) and its subsidiary, Fauji Fertilizer Bin Qasim Limited (FFBL) are incorporated in Pakistan as public limited companies and their shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The registered offices of the companies are situated in Rawalpindi, Pakistan. The principal activity of FFC and its subsidiary is manufacturing, purchasing and marketing of fertilizers and chemicals including investment in chemical manufacturing operations.
2. Accounting policies adopted for preparation of these consolidated financial statements are the same as those applied in preparation of the annual consolidated financial statements for the year ended December 31, 2004 except for the following:

2.1 Investments available for sale

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

2.2 Investments at fair value through profit or loss

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

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

		September 30, December 31, 2005 2004 (Rupees '000)	
4. SHARE CAPITAL			
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
September 30, 2005	December 31, 2004		
256,495,902	256,495,902	Ordinary shares of Rs 10 each fully paid in cash.	2,564,959 2,564,959
192,117,033	38,474,385	Ordinary shares of Rs. 10 each issued as fully paid bonus shares.	1,921,170 384,744
448,612,935	294,970,287		4,486,129 2,949,703

AUTHORISED SHARE CAPITAL

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

Notes to the Consolidated Financial Statements

For the period ended September 30, 2005 (Un-Audited)

		September 30, December 31,	
	Note	2005	2004
		(Rupees '000)	
5. REVENUE RESERVES			
General reserve		7,390,000	7,450,000
Unappropriated profit		(813,513)	58,753
		<u>6,576,487</u>	<u>7,508,753</u>
6. NON CURRENT LIABILITIES			
Long term financing - secured	6.1	5,738,750	7,720,960
Long term murabaha - secured	6.2	305,733	376,409
Long term loans - Government of Pakistan			
FFC (secured)	6.3	870	1,741
FFBL (un-secured)	6.4	7,778,409	8,426,610
Liabilities against assets subject to finance lease		12,431	17,757
		<u>13,836,193</u>	<u>16,543,477</u>
Less: Amount payable within twelve months shown as current maturity		2,938,587	3,379,453
		<u>10,897,606</u>	<u>13,164,024</u>
6.1 Movement during the period / year is as follows:			
Opening balance		7,720,960	8,754,100
Disbursements during the period/year		—	657,890
Repayments during the period/year		<u>(1,982,210)</u>	<u>(1,691,030)</u>
Closing balance		<u>5,738,750</u>	<u>7,720,960</u>
6.2 Movement during the period / year is as follows:			
Opening balance		376,409	395,748
Repayments during the period/year		<u>(70,676)</u>	<u>(19,339)</u>
Closing balance		<u>305,733</u>	<u>376,409</u>
6.3 Movement during the period / year is as follows:			
Opening balance		1,741	3,481
Repayments during the period/year		<u>(871)</u>	<u>(1,740)</u>
Closing balance		<u>870</u>	<u>1,741</u>
6.4 Movement during the period / year is as follows:			
Opening balance		8,426,610	9,074,811
Adjustment during the period/year		<u>(648,201)</u>	<u>(648,201)</u>
Closing balance		<u>7,778,409</u>	<u>8,426,610</u>

Notes to the Consolidated Financial Statements

For the period ended September 30, 2005 (Un-Audited)

Note	September 30,	December 31,
	2005	2004
	(Rupees '000)	
7. CONTINGENCIES AND COMMITMENTS		
a) Contingencies		
i) Guarantees issued by banks on behalf of the Group companies	40,638	45,736
ii) Disputed demand for income tax and levy of contribution to Workers' Welfare Fund related to former PSFL decided in favour of FFC by the Income Tax Appellate Authorities, are currently in appeal by the department. FFC is confident that there are reasonable grounds for a favourable decision	295,590	295,590
iii) Income tax demands, not acknowledged as debt, have been challenged by the Group companies and are currently in appeal; the Group companies expect favourable outcome of the appeal	114,919	115,745
iv) Claims against the Group companies and/or potential exposure not acknowledged as debt	74,594	83,350
v) Indemnity bonds and undertakings given to the customs authorities for the machinery imported by FFBL for installation at plant site	119,650	119,650
b) Commitments in respect of:		
i) Capital expenditure	3,204,834	3,809,635
ii) Purchase of fertilizer, stores, spares and other revenue items	824,602	624,075
iii) Commitment for equity investment in Pakistan Maroc Phosphore S.A	942,187	1,637,708
iv) Rentals under lease agreements:		
Premises	107,944	103,635
Vehicles	239,427	252,000

Notes to the Consolidated Financial Statements

For the period ended September 30, 2005 (Un-Audited)

	Note	September 30, 2005 (Rupees '000)	December 31, 2004
8. PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		23,720,065	24,437,864
Additions		1,379,031	1,222,633
Written down value of disposals/ adjustments		(40,904)	(309,859)
Depreciation		(1,245,622)	(1,630,573)
Closing written down value		<u>23,812,570</u>	<u>23,720,065</u>
9. LONG TERM INVESTMENTS			
Advance against equity investment in foreign company Pakistan Maroc Phosphore S.A., Morocco			
Advance against issue of shares		1,101,762	537,900
Investments available for sale			
Certificates of investment		275,227	246,525
Government of Pakistan Special US Dollar Bonds		—	969,486
National Savings Certificates		—	500,000
		275,227	1,716,011
Investments held to maturity			
Pakistan Investment Bonds		700,000	700,000
Term Finance Certificates		99,980	20,355
		<u>799,980</u>	<u>720,355</u>
		2,176,969	2,974,266
Less: Current portion shown under short term investments			
Investments available for sale			
Certificates of investment		27,713	12,456
Government of Pakistan Special US Dollar Bonds		—	969,486
National Savings Certificates		—	500,000
		27,713	1,481,942
Investments held to maturity			
Pakistan Investment Bonds		100,000	100,000
Term Finance Certificates		—	20,355
		<u>100,000</u>	<u>120,355</u>
	10	127,713	1,602,297
		<u>2,049,256</u>	<u>1,371,969</u>

Notes to the Consolidated Financial Statements

For the period ended September 30, 2005 (Un-Audited)

	Note	September 30, 2005	December 31, 2004
		(Rupees '000)	
10. SHORT TERM INVESTMENTS			
Investments available for sale			
Local currency term deposits with banks and financial institutions (net of provision for doubtful recovery Rs 13,000 thousand; 2004: Rs 13,000 thousand)		–	2,550,000
Investments at fair value through profit or loss			
Meezan Balanced Fund		79,000	101,300
National Investment Trust Units		51,308	–
Investments held to maturity			
Foreign currency		904,601	311,860
Local currency		2,260,000	–
Current maturity of long term investments	9	127,713	1,602,297
		3,422,622	4,565,457

	For the quarter ended		For the period ended	
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
	(Rupees '000)			
11. COST OF SALES				
Raw materials consumed	2,954,640	2,543,224	8,467,204	7,172,958
Fuel and power	1,037,769	896,660	2,844,136	2,464,391
Chemicals and supplies	54,621	46,657	158,481	137,091
Salaries, wages and benefits	420,659	325,733	1,221,294	998,466
Rent, rates and taxes	7,491	7,900	24,277	22,377
Insurance	33,841	35,108	102,097	103,556
Technical services	3,975	—	11,841	—
Travel and conveyance	26,769	27,706	86,483	73,446
Repairs and maintenance	177,445	123,891	547,328	521,423
Depreciation	416,716	402,358	1,225,247	1,199,557
Communication, establishment and other expenses	107,093	97,766	331,643	259,617
Provision for slow moving and surplus spares	—	24,329	4,297	44,329
Opening stock - work in process	16,369	20,196	14,674	27,875
Closing stock - work in process	(31,677)	(13,717)	(31,677)	(13,717)
Cost of goods manufactured	5,225,711	4,537,811	15,007,325	13,011,369
Add: Opening stock of manufactured fertilizers	864,738	2,094,763	61,787	610,869
Less: Closing stock of manufactured fertilizers	(368,467)	(633,926)	(368,467)	(633,926)
	496,271	1,460,837	(306,680)	(23,057)
Cost of sales - own manufactured fertilizers	5,721,982	5,998,648	14,700,645	12,988,312
Opening stock of purchased fertilizers	419,119	629,207	161,447	102,702
Purchase of fertilizers for resale	1,843,690	1,097	3,263,691	823,670
	2,262,809	630,304	3,425,138	926,372
Less: Closing stock of purchased fertilizers	(785,100)	(73,916)	(785,100)	(73,916)
Cost of sales - purchased fertilizers	1,477,709	556,388	2,640,038	852,456
	7,199,691	6,555,036	17,340,683	13,840,768

Notes to the Consolidated Financial Statements

For the period ended September 30, 2005 (Un-Audited)

Note	For the quarter ended		For the period ended	
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
	(Rupees '000)			
12. OTHER INCOME				
Income from financial assets	240,293	104,149	521,348	344,290
Income from non-financial assets	3,497	22,834	64,791	43,154
Compensation from GOP-FFBL 12.1	—	—	700,000	700,000
	<u>243,790</u>	<u>126,983</u>	<u>1,286,139</u>	<u>1,087,444</u>

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

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

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

	For the quarter ended		For the period ended	
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
	(Rupees '000)			
13. EARNINGS PER SHARE				
Net profit after tax attributable to equity holders of FFC (Rupees '000)	1,326,330	1,300,843	3,903,661	3,290,304
Weighted average number of shares in issue during the period	448,613	448,613	448,613	448,613
Basic and diluted earnings per share (Rupees)	<u>2.96</u>	<u>2.90</u>	<u>8.70</u>	<u>7.33</u>

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

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

Notes to the Consolidated Financial Statements

For the period ended September 30, 2005 (Un-Audited)

	September 30, 2005	September 30, 2004
	(Rupees '000)	
14. CASH GENERATED FROM OPERATIONS		
Net Profit before taxation	7,740,899	6,370,904
Adjustments for:		
Depreciation	1,242,247	1,216,590
Amortization of goodwill	78,462	78,462
Provision for slow moving and surplus spares	–	44,329
Finance costs	394,723	322,468
Gain on sale of fixed assets	(10,777)	(16,543)
Compensation from GOP	(700,000)	(700,000)
Income on loans, deposits and investments	(543,556)	(327,463)
Provision for gratuity	31,204	3,262
Exchange gain	(8,684)	4,385
Loss on remeasurement of investment at fair value through profit or loss	20,992	–
	504,611	625,490
	8,245,510	6,996,394
Changes in working capital		
(Increase)/decrease in current assets		
Stores and spares	(235,115)	(128,114)
Stock in trade	(1,233,461)	(119,204)
Trade debts	1,049,914	(233,394)
Loans and advances	88,369	(131,705)
Deposits and prepayments	(39,403)	(45,249)
Other receivables	217,842	(506,304)
(Decrease)/increase in current liabilities		
Trade and other payables	(610,342)	733,175
	(762,196)	(430,795)
Changes in long term loans and advances	5,965	(2,023)
Changes in long term deposits and prepayments.	(969)	(44,438)
	7,488,310	6,519,138

Notes to the Consolidated Financial Statements

For the period ended September 30, 2005 (Un-Audited)

	September 30, 2005	September 30, 2004
	(Rupees '000)	
15 TRANSACTIONS WITH RELATED PARTIES		
Fauji Foundation		
Office rent	2,318	2,271
Sale of fertilizer	420	4,374
Medical services	–	41
Goods sold to the projects	664	2,525
Right shares issued	–	3,713
Mari Gas Company Limited		
Purchase of gas as feed and fuel stock	5,039,378	4,334,699
Haldor Topsoe A/s, Denmark		
Technical services received	11,841	10,440
Pak Kuwait Investment Company (Pvt) Limited		
Right shares issued	–	5,350
Financial charges on loan	12,831	4,966
CDC Holding Sendirian Berhad		
Right shares issued to CDCH	–	24,015
Pakistan Maroc Phosphore S.A., Morocco		
Advance against issue of shares	563,862	–
Maroc Phosphore S.A., Morocco		
Raw material purchased	3,929,675	3,465,153
Payment to:		
Employees' Provident Fund Trust - Right shares issued	–	11,139
Employees' Provident Fund Trust	90,081	78,809
Employees' Gratuity Fund Trust	35,825	29,021
Employees' Pension Fund Trust	33,178	29,627

16. GENERAL

16.1 Facilities of letters of guarantee and letters of credit amounting to Rs 228,900 thousand and Rs 3,575,000 thousand (2004: Rs 20,000 thousand and Rs 2,575,000 thousand) respectively are available to FFC under lien over deposits and import documents.

16.2 The Board of Directors of FFC in their meeting held on October 26, 2005 have proposed third interim dividend of Rs 3.25 per share while second dividend of Re 0.75 per share has been proposed by the Board of Directors of FFBL on October 20, 2005. These dividends shall be accounted for in the annual financial statements for the year 2005 as required by International Accounting Standard 10: "Events after the Balance Sheet Date"

16.3 Figures have been rounded off to the nearest thousand of rupees, unless other wise stated.

16.4 Due to revision of the 4th schedule to the Companies Ordinance, 1984 by the Securities and Exchange Commission of Pakistan vide SRO. 589(1)/2004 dated July 5, 2004, previous period's figures have been rearranged and / or reclassified, wherever necessary, for the purpose of comparison.

16.5 These consolidated financial statements have been authorised for issue by the Board of Directors of FFC on October 26, 2005


Chairman


Chief Executive


Director