



Quarterly Financial Statements

September 30, 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
Mr Khizar Hayat Khan
Mr Manzoor Ahmed
Maj Gen Ghulam Haider, HI(M) (Retd)
Maj Gen Muhammad Farooq Iqbal, HI(M) (Retd)
Brig Dr. Gulfam Alam, SI(M) (Retd)
Mr Muhammad Raeesuddin Paracha

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: ffcryp@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 Shahr-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
PIA Building, 3rd Floor, 49, Blue Area, P.O.Box 3021, Islamabad, Pakistan
Tel No. 92-2273457-60, Fax No. 92-2277924, 2206473

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 period ended September 30, 2014

Dear Members,

On behalf of the Board of Directors, I am pleased to report net earnings of Rs 12.96 billion for the nine months ended September 30, 2014 translating into per share earnings of Rs 10.19.

Sona urea production during the period stood at 1,767 thousand tonnes, marginally down by 2% because of planned maintenance shutdown of Plant III at Mirpur Mathelo, with a corresponding decline in offtake recorded at 1,763 thousand tonnes. The Company continues to hold combined FFC/FFBL urea market share of 47% and is confident of sustained market presence during the ensuing quarter of 2014.

Sales revenue for the period at Rs 55.04 billion registered an increase of 5% over last year, whereas dividend income was higher by 10%, including first ever dividend receipt of Rs 544 million from Askari Bank Limited (AKBL) post acquisition by the Fauji Group. Despite increased earnings, margins of the Company declined by 13% because of increase in levy of GIDC, which could not be fully passed on by the Company.

With a view to maintaining a regular stream of income for the shareholders, the Board is pleased to approve third interim dividend of Rs 3.75 per share.

In line with our initiatives for geographical / global diversification, the Company has signed a Consortium Agreement with Haldor Topsoe AS (HTAS) Denmark and Ferrostaal Industrial Projects GmbH (FIP) Germany for setting up of an offshore fertilizer project in Tanzania, to augment the earnings of the Company and the shareholders.

Pursuant to disposal of 1% equity stake of Fauji Fertilizer Bin Qasim Limited (FFBL), aggregating to 9,341,100 ordinary shares to Fauji Foundation on October 03, 2014, the Company has been exempted by the Securities and Exchange Commission of Pakistan from consolidation of the financial statements of AKBL. Complete financial statements of FFBL and AKBL are however available for review by the Company shareholders at FFC Head Office at Rawalpindi, free of cost.

On behalf of the Board,



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

Rawalpindi
October 29, 2014



Condensed Interim Financial Information

Condensed Interim Balance Sheet (Un-audited)

As at September 30, 2014

is at September 30, 2014

	Note	Un-audited September 30, 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	11,988,779	12,258,373
Surplus on remeasurement of investments available for sale to fair value		17,536	10,508
		<u>24,888,697</u>	<u>25,151,263</u>
NON - CURRENT LIABILITIES			
Long term borrowings	6	3,362,500	4,280,000
Deferred liabilities		4,167,174	4,078,369
		<u>7,529,674</u>	<u>8,358,369</u>
CURRENT LIABILITIES			
Trade and other payables	7	32,661,842	21,854,125
Interest and mark - up accrued		160,660	22,098
Short term borrowings	8	4,409,754	7,000,000
Current portion of long term borrowings		1,647,500	1,460,000
Taxation		2,242,968	3,983,215
		<u>41,122,724</u>	<u>34,319,438</u>
		<u>73,541,095</u>	<u>67,829,070</u>
CONTINGENCIES AND COMMITMENTS			
	9		

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

	Note	Un-audited September 30, 2014	Audited December 31, 2013
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	10	19,849,886	18,444,188
Intangible assets		1,593,315	1,651,592
Long term investments	11	25,082,564	20,662,532
Long term loans and advances		843,619	740,408
Long term deposits and prepayments		15,320	2,654
		47,384,704	41,501,374

CURRENT ASSETS

Stores, spares and loose tools		3,328,154	3,244,645
Stock in trade		3,670,473	301,957
Trade debts		2,130,993	700,541
Loans and advances		647,303	921,460
Deposits and prepayments		103,524	46,984
Other receivables		1,123,345	790,163
Short term investments	12	13,204,913	18,960,295
Cash and bank balances		1,947,686	1,361,651
		26,156,391	26,327,696
		73,541,095	67,829,070


Chairman

Chief Executive

Director

Condensed Interim Profit and Loss Account (Un-audited)

For the period ended September 30, 2014

	Note	For the quarter ended		For the period ended	
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
		(Rupees '000)		(Rupees '000)	
Sales	13	19,042,388	18,127,693	55,038,986	52,533,104
Cost of sales	14	11,578,823	9,262,662	33,258,287	27,355,945
GROSS PROFIT		7,463,565	8,865,031	21,780,699	25,177,159
Distribution cost		1,585,919	1,558,342	4,610,583	4,479,983
		5,877,646	7,306,689	17,170,116	20,697,176
Finance cost		176,455	236,009	606,307	584,224
Other expenses		588,572	681,825	1,631,341	1,895,850
		5,112,619	6,388,855	14,932,468	18,217,102
Other income		1,671,780	1,413,819	3,489,214	3,407,475
NET PROFIT BEFORE TAXATION		6,784,399	7,802,674	18,421,682	21,624,577
Provision for taxation		1,984,000	2,401,000	5,460,000	6,727,000
NET PROFIT AFTER TAXATION		4,800,399	5,401,674	12,961,682	14,897,577
Earnings per share - basic and diluted (Rupees)	15	3.77	4.25	10.19	11.71

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Chairman

Chief Executive

Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended September 30, 2014

	For the quarter ended		For the period ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
	(Rupees '000)		(Rupees '000)	
Net profit after taxation	4,800,399	5,401,674	12,961,682	14,897,577
Other comprehensive income for the period:				
Surplus / (deficit) on remeasurement of investments available for sale at fair value	6,253	(4,069)	7,410	(3,778)
Income tax relating to component of other comprehensive income	-	539	(382)	435
Other comprehensive income / (loss) for the period - net of tax	6,253	(3,530)	7,028	(3,343)
Total comprehensive income for the period	4,806,652	5,398,144	12,968,710	14,894,234

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.




Chairman


Chief Executive


Director

Condensed Interim Statement of Cash Flows (Un-audited)

For the period ended September 30, 2014

	Note	September 30, 2014	September 30, 2013
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	16	22,761,345	26,191,270
Finance cost paid		(467,745)	(469,863)
Income tax paid		(7,111,442)	(7,308,065)
Net cash generated from operating activities		15,182,158	18,413,342
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,733,083)	(1,830,883)
Proceeds from sale of property, plant and equipment		20,513	21,232
Investments - net		(4,440,841)	(10,319,508)
Interest received		1,057,906	942,041
Dividends received		2,158,587	1,900,932
Net cash used in investing activities		(3,936,918)	(9,286,186)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - Disbursements		-	500,000
- Repayments		(730,000)	(958,750)
Dividends paid		(12,988,728)	(15,174,958)
Net cash used in financing activities		(13,718,728)	(15,633,708)
Net decrease in cash and cash equivalents		(2,473,488)	(6,506,552)
Cash and cash equivalents at beginning of the period		13,012,602	16,571,069
Cash and cash equivalents at end of the period		10,539,114	10,064,517
CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,947,686	4,093,271
Short term highly liquid investments		13,001,182	10,679,138
Short term running finance		(4,409,754)	(4,707,892)
		10,539,114	10,064,517

The annexed notes 1 to 18 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 period ended September 30, 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 as at January 1, 2013	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 period						
Profit after taxation	-	-	-	14,897,577	-	14,897,577
Other comprehensive income - net of tax	-	-	-	-	(3,343)	(3,343)
	-	-	-	14,897,577	(3,343)	14,894,234
Distribution to owners						
Final dividend 2012: Rs 5.00 per share	-	-	-	(6,361,191)	-	(6,361,191)
First interim dividend 2013: Rs 3.50 per share	-	-	-	(4,452,834)	-	(4,452,834)
Second interim dividend 2013: Rs 3.75 per share	-	-	-	(4,770,893)	-	(4,770,893)
	-	-	-	(15,584,918)	-	(15,584,918)
Balance as at September 30, 2013	12,722,382	160,000	6,802,360	5,387,428	4,352	25,076,522
Balance as 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 period						
Profit after taxation	-	-	-	12,961,682	-	12,961,682
Other comprehensive income - net of tax	-	-	-	-	7,028	7,028
	-	-	-	12,961,682	7,028	12,968,710
Distribution to owners						
Final dividend 2013: Rs 4.00 per share	-	-	-	(5,088,952)	-	(5,088,952)
First interim dividend 2014: Rs 3.00 per share	-	-	-	(3,816,714)	-	(3,816,714)
Second interim dividend 2014: Rs 3.40 per share	-	-	-	(4,325,610)	-	(4,325,610)
	-	-	-	(13,231,276)	-	(13,231,276)
Balance as at September 30, 2014	12,722,382	160,000	6,802,360	5,186,419	17,536	24,888,697

The annexed notes 1 to 18 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 period ended September 30, 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, food business and banking operations.
2. This condensed interim financial information of the Company for the period ended September 30, 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 statement of cash flows and condensed interim statement of changes in equity are extracted from unaudited condensed interim financial information of the Company for the period ended September 30, 2013.

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 accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of this condensed interim financial information and financial risk management policy are the same as those applied in preparation of financial statements of the Company for the year ended December 31, 2013.

4. SHARE CAPITAL**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).

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

September 30, 2014	December 31, 2013		Un-audited September 30, 2014	Audited December 31, 2013
(Number of shares)			(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>

5. REVENUE RESERVES

General reserve	6,802,360	6,802,360
Unappropriated profit	5,186,419	5,456,013
	<u>11,988,779</u>	<u>12,258,373</u>

Notes To The Condensed Interim Financial Information

For the period ended September 30, 2014

	Note	Un-audited September 30, 2014	Audited December 31, 2013
(Rupees '000)			
6. LONG TERM BORROWINGS			
Long term borrowings - secured	6.1	5,010,000	5,740,000
Less: Current portion shown under current liabilities		<u>1,647,500</u>	<u>1,460,000</u>
		<u>3,362,500</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		<u>(730,000)</u>	<u>(1,513,750)</u>
Closing balance	6.2	<u>5,010,000</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, stores, spares & loose tools 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 six month KIBOR + 0.35% to 0.5% per annum (December 31, 2013: six month KIBOR + 0.35 % to 1% per annum) and are repayable upto December 2018 (December 31, 2013: December 2018).

	Un-audited September 30, 2014	Audited December 31, 2013
(Rupees '000)		
7. TRADE AND OTHER PAYABLES		
Creditors	20,692,121	8,663,733
Accrued liabilities	3,860,977	3,297,691
Consignment account with Fauji Fertilizer Bin Qasim Limited - unsecured	228,258	347,142
Sales tax payable - net	-	814,939
Deposits	220,832	196,107
Retention money	177,676	123,418
Advances from customers	4,270,000	6,417,376
Workers' Welfare Fund	1,458,635	1,073,544
Workers' Profit Participation Fund	929,944	-
Unclaimed dividend	689,518	446,970
Gratuity fund payable	-	436,283
Other liabilities	<u>133,881</u>	<u>36,922</u>
	<u>32,661,842</u>	<u>21,854,125</u>

8. SHORT TERM BORROWINGS

The Company has short term running finance and demand finance facilities limits aggregating Rs 13 billion (December 31, 2013: Rs 10.35 billion). These are secured against ranking charge on all present and future current assets of the Company, ranking charge by way of hypothecation over all present and future fixed assets of the Company with 25% margin over and above the financed amount. These carry mark up three month KIBOR + 0.05 % to 0.3% and one month KIBOR + 0.20 % to 0.50% (December 31, 2013: three month KIBOR + 0.05 % to 0.1%).

Notes To The Condensed Interim Financial Information

For the period ended September 30, 2014

		Un-audited September 30, 2014	Audited December 31, 2013
		(Rupees '000)	
9. CONTINGENCIES AND COMMITMENTS			
a) Contingencies:			
(i) Guarantees issued by banks on behalf of the Company		56,036	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.			
	Note	Un-audited September 30, 2014	Audited December 31, 2013
		(Rupees '000)	
b) Commitments in respect of:			
(i) Capital expenditure		3,561,640	1,302,329
(ii) Purchase of fertilizer, stores, spares and other revenue items		5,778,614	1,768,194
(iii) Investment in Fauji Fresh n Freeze Limited (Formerly AI - Hamd Foods Limited)		100,000	550,000
(iv) Rentals under lease agreements:			
Premises		180,289	187,356
Vehicles		83,119	91,625
10. PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		18,444,188	17,818,755
Additions	10.1	2,733,083	2,275,965
Written down value of disposals		(962)	(22,575)
Depreciation		(1,326,423)	(1,627,957)
Closing written down value		19,849,886	18,444,188

10.1 Additions in and depreciation on property, plant and equipment during the period ended September 30, 2013 were Rs 1,829,708 thousand and Rs 1,155,295 thousand respectively.

Notes To The Condensed Interim Financial Information

For the period ended September 30, 2014

	Note	Un-audited September 30, 2014	Audited December 31, 2013
		(Rupees '000)	
11. LONG TERM INVESTMENTS			
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)		1,035,500	585,500
		18,688,001	18,238,001
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
Investments available for sale			
Certificates of Investment (COIs)		117,329	118,239
Pakistan Investment Bonds (PIBs)		4,030,598	59,497
Term Finance Certificates (TFCs)		99,750	96,000
		4,247,677	273,736
		25,141,603	20,717,662
Less: Current portion shown under short term investments	12		
Investments available for sale			
Certificates of Investment (COIs)		28,622	26,005
Pakistan Investment Bonds (PIBs)		30,417	29,125
		59,039	55,130
		25,082,564	20,662,532
12. SHORT TERM INVESTMENTS			
Loans and receivables			
Term deposits with banks and financial institutions			
Local currency		11,670,477	17,420,000
Foreign currency		1,330,705	1,335,731
Investments at fair value through profit or loss		144,692	149,434
Current maturity of long term investments			
Investments available for sale	11	59,039	55,130
		13,204,913	18,960,295

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

For the period ended September 30, 2014

13. SALES

Sales is exclusive of sales tax of Rs 9,291,921 thousand (September 30, 2013: Rs. 8,314,605 thousand)

	For the quarter ended		For the period ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
	(Rupees '000)		(Rupees '000)	
14. COST OF SALES				
Raw materials consumed	6,145,085	4,716,080	18,106,823	13,843,248
Fuel and power	2,046,851	1,828,274	5,781,900	5,126,936
Chemicals and supplies	108,267	132,703	278,974	279,237
Salaries, wages and benefits	1,089,199	1,082,842	3,669,769	3,191,078
Training and employees welfare	186,431	146,548	566,702	476,479
Rent, rates and taxes	1,555	5,266	8,613	13,703
Insurance	86,394	79,227	133,734	154,832
Travel and conveyance	120,377	89,538	336,704	298,132
Repairs and maintenance	296,002	234,285	1,023,740	1,119,132
Depreciation and amortisation	454,853	392,469	1,304,835	1,126,942
Communication and other expenses	472,038	344,528	1,269,899	1,136,937
Provision for slow moving spares	-	-	38,040	9,850
Opening stock - work in process	51,707	8,386	67,903	45,216
Closing stock - work in process	(46,401)	(56,805)	(46,401)	(56,805)
Cost of goods manufactured	11,012,358	9,003,341	32,541,235	26,764,917
Opening stock of manufactured urea	78,725	108,506	71,424	80,055
Closing stock of manufactured urea	(184,328)	(100,085)	(184,328)	(100,085)
	(105,603)	8,421	(112,904)	(20,030)
Cost of sales - manufactured urea	10,906,755	9,011,762	32,428,331	26,744,887
Opening stock of purchased fertilizers	263,382	200,362	-	274,029
Purchase of fertilizers for resale	3,493,040	2,090,515	3,914,310	2,377,006
	3,756,422	2,290,877	3,914,310	2,651,035
Closing stock - purchased fertilizers	(3,084,354)	(2,039,977)	(3,084,354)	(2,039,977)
Cost of sales - purchased fertilizers	672,068	250,900	829,956	611,058
	11,578,823	9,262,662	33,258,287	27,355,945
15. EARNINGS PER SHARE				
Net profit after tax (Rupees '000)	4,800,399	5,401,674	12,961,682	14,897,577
Weighted average number of shares in issue during the period - (Number '000)	1,272,238	1,272,238	1,272,238	1,272,238
Basic and diluted earnings per share (Rupees)	3.77	4.25	10.19	11.71

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

For the period ended September 30, 2014

	September 30, 2014	September 30, 2013
	(Rupees '000)	
16. CASH GENERATED FROM OPERATIONS		
Net profit before taxation	18,421,682	21,624,577
Adjustments for:		
Depreciation and amortisation	1,384,971	1,185,283
Provision for slow moving spares	38,040	9,850
Finance cost	606,307	584,224
(Gain) / loss on sale of property, plant and equipment	(19,551)	1,037
Income on loans, deposits and investments	(1,172,695)	(946,935)
Exchange loss / (gain) - net	35,026	(122,385)
Gain on remeasurement of investment at fair value through profit or loss	(3,227)	(146,271)
Dividend Income	(2,228,900)	(1,900,932)
	<u>(1,360,029)</u>	<u>(1,336,129)</u>
	17,061,653	20,288,448
Changes in working capital:		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(300,904)	(133,460)
Stock in trade	(3,189,160)	(1,904,364)
Trade debts	(1,430,452)	2,284,985
Loans and advances	274,157	(41,048)
Deposits and prepayments	(56,540)	(225,145)
Other receivables	(218,613)	(390,015)
Increase in current liabilities		
Trade and other payables	10,565,297	6,323,862
	5,643,785	5,914,815
Changes in long term loans and advances	(103,211)	(14,675)
Changes in long term deposits and prepayments	(12,666)	2,682
Changes in deferred liabilities	171,784	-
	<u>22,761,345</u>	<u>26,191,270</u>

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

For the period ended September 30, 2014

17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Significant transactions and balances with the related parties are as follows:

	September 30, 2014	September 30, 2013
	(Rupees '000)	
Transactions with subsidiary companies		
Dividend income	2,088,275	1,900,932
Commission on sale of subsidiary company's products	10,904	12,532
Expenses charged on account of marketing of fertilizer of subsidiary company under sale on consignment basis	513,009	574,283
Payments under consignment account	34,056,198	39,498,466
Services and materials received	6,281	6,806
Long term investments made during the period	450,000	2,067,750
Loans extended during the period	540,386	114,386
Investments in TDRs / COIs issued by subsidiary company outstanding at the period end	2,217,329	2,570,000*
Bank balance	67,788	62,306*
Balance receivable - unsecured	147,648	118,989*
Balance payable - unsecured	228,478	347,142*
Transactions with associated undertaking / companies due to common directorship		
Sale of fertilizer	2,162	4,825
Dividend income	140,625	-
Purchase of gas as feed and fuel stock	22,684,933	17,874,343
Services received	240,481	205,407
Donations	27,000	250,000
Dividend paid	5,868,071	6,911,911
Balance receivable - unsecured	13,521	8,726*
Balance payable - unsecured	20,792,485	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 1 and 721(2013: 1 and 619) respectively.	3,183,090	2,781,937
Loans and advances to executives - balance	926,563	693,808*
Payments to:		
Employees' Provident Fund Trust	237,288	215,831
Employees' Gratuity Fund Trust	586,201	91,929
Employees' Pension Fund Trust	94,067	47,191
Others:		
Balance payable to Employees' Fund Trusts	-	436,283*
Balance receivable from Employees' Fund Trusts	65,881	9,759*

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

18. GENERAL

18.1 The Board of Directors in its meeting held on October 03, 2014 approved sale of 1% equity stake of the Company in FFBL aggregating to 9,341,100 ordinary shares to Fauji Foundation, at the closing market price on October 03, 2014. As a result, FFBL and AKBL no longer remained subsidiaries of FFC effective October 03, 2014.

18.2 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

18.3 The Board of Directors in its meeting held on October 29, 2014 proposed third interim dividend of Rs. 3.75 per share.

18.4 This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on October 29, 2014.


Chairman

Chief Executive

Director



**Condensed
Interim Consolidated
Financial Information**

Condensed Interim Consolidated Balance Sheet (Un-audited)

As at September 30, 2014

		Un-audited September 30, 2014	Audited December 31, 2013
	Note		
		(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		1,276,000	1,330,727
Revenue reserves	5	13,762,928	14,376,567
Surplus on remeasurement of investments available for sale to fair value		17,536	10,508
		27,778,846	28,440,184
NON - CONTROLLING INTERESTS		6,110,371	6,757,655
TOTAL EQUITY		33,889,217	35,197,839
NON - CURRENT LIABILITIES			
Long term borrowings	6	22,705,141	14,391,192
Deferred liabilities		7,420,610	7,538,766
Liability against assets subject to finance lease		2,504	564
		30,128,255	21,930,522
CURRENT LIABILITIES			
Trade and other payables		43,066,704	30,466,496
Interest and mark-up accrued		542,234	290,784
Short term borrowings		10,857,817	14,985,128
Current portion of long term borrowings		3,796,687	3,812,186
Current portion of liability against assets subject to finance lease		169	849
Taxation		2,437,218	4,710,797
		60,700,829	54,266,240
		124,718,301	111,394,601
CONTINGENCIES AND COMMITMENTS			

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

		Un-audited September 30, 2014	Audited December 31, 2013
	Note		
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	8	45,029,097	44,314,880
Intangible assets		1,956,642	2,014,919
Long term investments	9	28,179,887	23,478,872
Long term loans and advances		843,619	740,408
Long term deposits and prepayments		106,180	83,055
		76,115,425	70,632,134
CURRENT ASSETS			
Stores, spares and loose tools		5,568,535	5,352,138
Stock in trade		10,518,716	1,431,214
Trade debts		4,000,774	2,871,255
Loans and advances		1,284,356	1,500,047
Deposits and prepayments		181,914	84,014
Other receivables		1,267,317	1,046,439
Short term investments	10	20,413,848	24,283,431
Cash and bank balances		5,367,416	4,193,929
		48,602,876	40,762,467
		124,718,301	111,394,601


Chairman

Chief Executive

Director

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

For the period ended September 30, 2014

	Note	For the quarter ended		For the period ended	
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
		(Rupees'000)		(Rupees'000)	
Sales		32,795,061	32,567,059	85,752,529	87,628,016
Cost of sales	11	21,747,698	19,205,827	56,325,144	52,271,144
GROSS PROFIT		11,047,363	13,361,232	29,427,385	35,356,872
Administrative expenses and distribution cost		2,966,018	2,829,571	8,020,265	7,626,945
		8,081,345	10,531,661	21,407,120	27,729,927
Finance cost		1,138,557	1,171,791	2,613,919	2,300,318
Other expenses		681,446	833,408	1,807,537	2,262,916
		6,261,342	8,526,462	16,985,664	23,166,693
Other income		1,271,410	1,547,845	2,330,184	2,006,268
Share of profit / (loss) of associate and joint venture		110,236	219,985	194,837	(16,924)
NET PROFIT BEFORE TAXATION		7,642,988	10,294,292	19,510,685	25,156,037
Provision for taxation		2,267,171	2,957,345	6,022,335	8,273,094
NET PROFIT AFTER TAXATION		5,375,817	7,336,947	13,488,350	16,882,943

ATTRIBUTABLE TO:

Equity holders of Fauji Fertilizer Company Limited	4,953,705	6,611,145	12,617,637	15,252,357
Non - controlling interests	422,112	725,802	870,713	1,630,586
	5,375,817	7,336,947	13,488,350	16,882,943

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



Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)

For the period ended September 30, 2014

	For the quarter ended		For the period ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
	(Rupees'000)		(Rupees'000)	
Net profit after taxation	5,375,817	7,336,947	13,488,350	16,882,943
Other comprehensive income for the period				
Exchange difference on translating foreign investment	124,927	(92,513)	(81,374)	180,134
Surplus / (Deficit) on remeasurement of investments available for sale to fair value	6,253	(4,069)	7,410	(3,778)
Income tax relating to component of other comprehensive income	-	539	(382)	435
Changes in accounting policy for recognition of actuarial gains and losses	-	(29,125)	-	(29,125)
Other comprehensive income for the period - net of tax	131,180	(125,168)	(74,346)	147,666
Total comprehensive income for the period	5,506,997	7,211,779	13,414,004	17,030,609
ATTRIBUTABLE TO:				
Equity holders of Fauji Fertilizer Company Limited	5,045,593	6,530,582	12,571,556	15,355,338
Non - controlling interests	461,404	681,197	842,448	1,675,271
	5,506,997	7,211,779	13,414,004	17,030,609

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



Chairman



Chief Executive



Director

Condensed Interim Consolidated Statement of Cash Flows (Un-audited)

For the period ended September 30, 2014

	Note	September 30, 2014	September 30, 2013
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	24,294,424	27,739,979
Finance cost paid		(2,387,443)	(1,385,597)
Income tax paid		(8,494,232)	(8,595,155)
		(10,881,675)	(9,980,752)
Net cash generated from operating activities		13,412,749	17,759,227

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure	(3,511,080)	(2,976,156)
Proceeds from sale of property, plant and equipment	38,454	38,516
Interest received	1,234,533	1,307,700
Dividend received	614,080	-
Increase in other investments - net	(6,189,336)	(19,347,102)
Net cash used in investing activities	(7,813,349)	(20,977,042)

CASH FLOWS FROM FINANCING ACTIVITIES

Long term financing - repayments	(343,504)	(256,871)
- disbursements	8,621,799	(958,750)
Long term borrowings - net	-	653,000
Short term borrowings - net	(5,060,000)	5,300,000
Dividends paid	(14,339,586)	(16,536,451)
Net cash used in financing activities	(11,121,291)	(11,799,072)
Net decrease in cash and cash equivalents	(5,521,891)	(15,016,887)
Cash and cash equivalents at beginning of the period	16,409,752	21,324,093
Cash and cash equivalents at end of the period	10,887,861	6,307,206

CASH AND CASH EQUIVALENTS

Cash and bank balances	5,367,416	6,880,669
Short term highly liquid investments	14,578,262	11,579,138
Short term running finances	(9,057,817)	(12,152,601)
	10,887,861	6,307,206

The annexed notes 1 to 14 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 period ended September 30, 2014

	Attributable to equity holders of Fauji Fertilizer Company Limited								
	Capital reserves				Revenue reserves		Surplus on remeasurement for sale investments to fair value	Non- controlling interests	Total
	Share capital	Capital reserves	Translation reserve	Statutory reserve	General reserve	Unappropriated profit			
	(Rupees '000)								
Balance as at January 1, 2013	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 period									
Profit after tax	-	-	-	-	-	15,252,357	-	1,630,586	16,882,943
Other comprehensive income - net of tax	-	-	106,327	-	-	-	(3,343)	44,682	147,666
	-	-	106,327	-	-	15,252,357	(3,343)	1,675,268	17,030,609
Distributions to owners									
FFC dividends:									
Final dividend 2012: Rs 5.00 per share	-	-	-	-	-	(6,361,191)	-	-	(6,361,191)
First interim dividend 2013: Rs 3.50 per share	-	-	-	-	-	(4,452,834)	-	-	(4,452,834)
Second interim dividend 2013: Rs 3.75 per share	-	-	-	-	-	(4,770,893)	-	-	(4,770,893)
Dividend to FFBL non - controlling interest holders:									
Final dividend 2012: Rs 2.25 per share	-	-	-	-	-	-	-	(1,032,474)	(1,032,474)
First interim dividend 2013: Rs 1.75 per share	-	-	-	-	-	-	-	(803,035)	(803,035)
Total transactions with owners	-	-	-	-	-	(15,584,918)	-	(1,835,509)	(17,420,427)
Balance as at September 30, 2013	12,722,382	276,184	824,768	6,436	6,802,360	7,254,459	4,352	5,823,159	33,714,100
Balance as 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 period									
Profit after taxation	-	-	-	-	-	12,617,637	-	870,713	13,488,350
Other comprehensive income - net of tax	-	-	(54,727)	-	-	-	7,028	(26,647)	(74,346)
	-	-	(54,727)	-	-	12,617,637	7,028	844,066	13,414,004
Distributions to owners									
FFC dividends:									
Final dividend 2013: Rs 4.00 per share	-	-	-	-	-	(5,088,952)	-	-	(5,088,952)
First interim dividend 2014: Rs 3.00 per share	-	-	-	-	-	(3,816,714)	-	-	(3,816,714)
Second interim dividend 2014: Rs 3.40 per share	-	-	-	-	-	(4,325,610)	-	-	(4,325,610)
Dividend to FFBL non - controlling interest holders:									
Final dividend 2013: Rs 2.25 per share	-	-	-	-	-	-	-	(1,032,473)	(1,032,473)
First interim dividend 2014: Rs 1.00 per share	-	-	-	-	-	-	-	(458,877)	(458,877)
	-	-	-	-	-	13,231,276	-	(1,491,350)	(14,722,626)
Balance as at September 30, 2014	12,722,382	276,184	993,380	6,436	6,802,360	6,960,568	17,536	6,110,371	33,889,217

The annexed notes 1 to 14 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 period ended September 30, 2014

1. Fauji Fertilizer Company Limited (hereinafter referred to as 'FFC' or '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), collectively referred to as the Group are incorporated in Pakistan as public limited companies. 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, Pakistan. 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 information 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 information of the Group for the period ended September 30, 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 information does not include all the information required for full annual financial statements and should therefore 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 statement of cash flows and condensed interim consolidated statement of changes in equity are stated from unaudited condensed interim consolidated financial information of the Group for the period ended September 30, 2013.

3. The Securities and Exchange Commission of Pakistan vide its letter EMD/233/492/2002-202 dated October 16, 2014 granted exemption to FFC from the requirements of section 237(1) to (7) under section 237 (8) of the Companies Ordinance, 1984 from consolidating AKBL in its financial statements for the period ended September 30, 2014 subject to availability of financial highlights (balance sheet and profit and loss account) of AKBL to the members at the registered office of FFC without any cost. Complete financial statements of FFBL are also available to the members at registered office of FFC without any cost.

4. SHARE CAPITAL**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).

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

September 30, 2014	December 31, 2013		Un-audited September 30, 2014	Audited December 31, 2013
(Number of shares)			(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>

Notes To The Condensed Interim Consolidated Financial Information

For the period ended September 30, 2014

	Note	Un-audited September 30, 2014	Audited December 31, 2013
		(Rupees '000)	
5. REVENUE RESERVES			
General reserve		6,802,360	6,802,360
Unappropriated profit		6,960,568	7,574,207
		<u>13,762,928</u>	<u>14,376,567</u>
6. LONG TERM BORROWINGS			
Loans from banking companies - secured	6.1	15,010,000	5,740,000
Long term loan - Government of Pakistan loan FFBL (un-secured)	6.2	1,944,600	2,592,802
Long term loan - FFCEL (secured)	6.3	8,956,391	9,280,479
Long term loan - FFF (MCB)	6.4	590,837	590,097
		<u>26,501,828</u>	<u>18,203,378</u>
Less: Current portion shown under current liabilities		3,796,687	3,812,186
		<u>22,705,141</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		10,000,000	1,950,000
Repayments during the period / year		(730,000)	(1,513,750)
Closing balance		<u>15,010,000</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		(648,202)	77,935
Closing balance		<u>1,944,600</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
Repayments during the period / year		(368,321)	-
Less: Transaction Cost			
Initial transaction cost		-	(269,797)
Amortised during the year		44,233	49,634
Closing balance		<u>8,956,391</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
Disbursements during the period / year		299	-
Less: Transaction Cost		-	(4,000)
Amortised during the year		441	187
Closing balance		<u>590,837</u>	<u>590,097</u>

Notes To The Condensed Interim Consolidated Financial Information

For the period ended September 30, 2014

	Un-audited September 30, 2014	Audited December 31, 2013
	(Rupees '000)	
7. CONTINGENCIES AND COMMITMENTS		
a) Contingencies:		
i) Guarantees issued by banks on behalf of the Group companies	1,257,031	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 September 30, 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	22,465	130,584
vi) FFBL's share of contingent liabilities of Foundation Wind Energy - I Limited	60,484	69,619
vii) FFBL's share of contingent liabilities of Foundation Wind Energy - II (Private) Limited	60,484	-
b) Commitments in respect of:		
i) Capital expenditure	4,474,749	1,916,960
ii) Purchase of fertilizer, stores, spares and other operational items	6,972,449	3,527,402
iii) Investment in Fauji Fresh n Freeze Limited (Formerly Al - Hamd Foods Limited)	100,000	550,000
iv) FFBL's share of commitments of investment in wind projects	142,248	3,022,155
v) Group's share of commitments of PMP	102,421	271,442
vi) Commitments on behalf of Fauji Meat Limited	1,901,292	-
vii) Commitments on behalf of FFBL Power Company Limited	6,364,800	-
viii) Rentals under lease agreements:		
Premises	180,289	187,356
Vehicles	83,119	91,625

Notes To The Condensed Interim Consolidated Financial Information

For the period ended September 30, 2014

	Note	Un-audited September 30, 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		3,658,588	5,059,109
Written down value of disposals / adjustments		(121,802)	(29,522)
Depreciation during the period / year		(2,822,569)	(3,393,754)
Closing written down value		<u>45,029,097</u>	<u>44,314,880</u>
9. LONG TERM INVESTMENTS			
Askari Bank Limited		15,692,911	15,692,911
Equity accounted investments	9.1	8,298,338	7,567,355
Other long term investments	9.2	4,188,638	218,606
		<u>28,179,887</u>	<u>23,478,872</u>
9.1 Equity accounted investments			
Investment in associated companies - under equity method			
Fauji Cement Company Limited (FCCL)			
Cost of investment		1,800,000	1,800,000
Post acquisition profits brought forward		349,878	309,528
Share of profit for the period / year		160,614	180,972
Dividend received		(168,750)	(140,622)
		<u>2,141,742</u>	<u>2,149,878</u>
Foundation Wind Energy - I Limited			
Advance for issue of shares - opening balance		923,941	329,390
Advance for issue of shares during the period / year		189,043	603,664
Share of loss for the period / year		(9,672)	(9,113)
		<u>1,103,312</u>	<u>923,941</u>
Foundation Wind Energy - II (Private) Limited			
Advance for issue of shares - opening balance		971,100	620,290
Advance during the period / year		96,226	357,546
Share of loss for the period / year		(2,932)	(6,736)
		<u>1,064,394</u>	<u>971,100</u>
Investment in joint venture - under equity method			
Pakistan Maroc Phosphore S.A., Morocco (PMP)			
Cost of investment		2,117,075	2,117,075
Post acquisition (loss) / profit brought forward		(155,301)	153,657
Share of profit / (loss) for the period / year		46,827	(308,958)
Gain on translation of net assets		1,477,289	1,558,662
		<u>3,485,890</u>	<u>3,520,436</u>
Investment in FFBL Coal Power Company Limited			
		1,000	-
Advance against issue of shares			
Fauji Meat Limited		501,000	1,000
Fauji Food Limited		1,000	1,000
		<u>502,000</u>	<u>2,000</u>
		<u>8,298,338</u>	<u>7,567,355</u>

Notes To The Condensed Interim Consolidated Financial Information

For the period ended September 30, 2014

	Note	Un-audited September 30, 2014	Audited December 31, 2013
		(Rupees '000)	
9.2 Other long term investments			
Investment available for sale			
Certificates of Investment		117,329	118,239
Pakistan Investment Bonds		4,030,598	59,497
Term Finance Certificates		99,750	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)
		-	-
		4,247,677	273,736
Less: Current portion shown under short term investments	10		
Investments available for sale			
Certificates of Investment		28,622	26,005
Pakistan Investment Bonds		30,417	29,125
		59,039	55,130
		4,188,638	218,606
10. SHORT TERM INVESTMENTS			
Loans and receivables			
Term deposits with banks and financial institutions			
Local currency		18,879,412	18,620,000
Foreign currency		1,330,705	1,335,731
Investments at fair value through profit or loss - Held for trading		144,692	4,272,570
Current maturity of long term investments			
Investments available for sale	9.2	59,039	55,130
		20,413,848	24,283,431

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

For the period ended September 30, 2014

	For the quarter ended		For the period ended	
	September 30,	September 30,	September 30,	September 30,
	2014	2013	2014	2013
	(Rupees'000)		(Rupees'000)	
11. COST OF SALES				
Raw materials consumed	14,949,073	13,021,492	39,512,320	37,548,404
Fuel and power	2,802,709	2,549,113	7,740,891	6,965,508
Chemicals and supplies	177,408	218,386	457,713	494,553
Salaries, wages and benefits	1,642,620	1,548,626	5,062,533	4,383,029
Training and employees welfare	187,072	146,548	568,626	476,479
Rent, rates and taxes	7,336	11,093	78,764	31,284
Insurance	128,737	120,329	261,165	260,524
Travel and conveyance	169,425	139,661	459,673	410,113
Repairs and maintenance	480,978	386,948	1,700,949	1,857,238
Depreciation and amortisation	942,446	883,387	2,769,122	2,385,719
Communication and other expenses	503,724	365,380	1,381,034	1,236,255
Annual licence fee	-	139	-	392
Import of electricity	-	570	-	570
Provision for slow moving spares	-	-	38,040	9,850
Opening stock - work in process	117,419	59,366	94,839	58,831
Closing stock - work in process	(98,489)	(91,433)	(98,489)	(91,433)
Cost of goods manufactured	22,010,458	19,359,605	60,027,180	56,027,316
Opening stock - manufactured fertilizers	4,216,184	6,036,605	619,020	2,074,053
Closing stock - manufactured fertilizers	(5,151,012)	(6,441,283)	(5,151,012)	(6,441,283)
	(934,828)	(404,678)	(4,531,992)	(4,367,230)
Cost of sales - manufactured fertilizers	21,075,630	18,954,927	55,495,188	51,660,086
Opening stock - purchased fertilizers	263,382	200,362	-	274,029
Purchase of fertilizers for resale	3,493,040	2,090,515	3,914,310	2,377,006
	3,756,422	2,290,877	3,914,310	2,651,035
Closing stock - purchased fertilizers	(3,084,354)	(2,039,977)	(3,084,354)	(2,039,977)
Cost of sale - purchased fertilizers	672,068	250,900	829,956	611,058
	21,747,698	19,205,827	56,325,144	52,271,144

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

For the period ended September 30, 2014

	September 30, 2014	September 30, 2013
	(Rupees '000)	
12. CASH GENERATED FROM OPERATIONS		
Net profit before taxation	19,510,685	25,156,037
Adjustments for:		
Depreciation and amortisation	2,881,117	2,462,209
Provision for slow moving spares	38,040	9,850
Finance cost	2,501,229	1,446,453
Provision for Workers' Profit Participation Fund	125,182	-
Provision for Workers' Welfare Fund	49,840	-
Income on loans, deposits and investments	(1,349,729)	(1,268,008)
Gain on sale of property, plant and equipment	(33,596)	(11,683)
Provision for gratuity	53,533	-
Provision for compensated absences	114,770	-
Exchange loss - net	105,019	242,158
Gain on remeasurement of investments at fair value through profit or loss	(3,227)	(146,271)
Share of profit of associate and joint venture	(177,745)	(7,549)
Impairment	577	-
Gain on sale of Investments	(260,546)	(147,111)
Dividend Income	(684,393)	-
	3,360,071	2,580,048
	22,870,756	27,736,085
Changes in working capital		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(254,437)	(179,254)
Stock in trade	(9,087,502)	(5,133,544)
Trade debts	(1,129,519)	2,132,093
Loans and advances	215,691	(185,724)
Deposits and prepayments	(115,510)	(254,066)
Other receivables	(220,878)	(253,191)
Increase in current liabilities:		
Trade and other payables	11,970,375	3,596,776
	1,378,220	(276,910)
Changes in long term loans and advances	(103,211)	278,122
Changes in long term deposits and prepayments	(23,125)	2,682
Changes in deferred liabilities	171,784	-
	24,294,424	27,739,979

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

For the period ended September 30, 2014

13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Significant transactions and balances with the related parties are as follows:

	September 30, 2014	September 30, 2013
	(Rupees '000)	
Transactions with associated undertakings / companies due to common directorship		
Sale of fertilizer	2,162	4,825
Dividends paid	6,392,950	7,557,916
Purchase of gas as feed and fuel stock	22,684,933	17,874,343
Services Received	240,481	205,407
Donation	-	250,000
Rent charged to Group Companies	989	900
FFBL's investment in wind power projects	285,269	647,355
Medical services	-	72
Others	-	16,267
Long term investment	179,346	-
Balance payable - unsecured	20,792,485	9,262,274*
Balance receivable - unsecured	13,521	8,726*
Transactions with joint venture company		
Raw material purchased	17,325,157	18,259,837
Expenses incurred on behalf of joint venture company	13,142	11,316
Balances payable	4,394,196	3,370,005*
Balance receivable	30,578	19,989*
Other related parties		
Remuneration including benefits and perquisites of Chief Executives and Executives, No. of persons 2014: 2 and 761 (2013: 2 and 638).	3,386,100	2,964,384
Payments to:		
Employees' Provident Fund Trust	280,364	252,116
Employees' Gratuity Fund Trust	639,734	131,931
Employees' Pension Fund Trust	94,067	47,191
Workers' Profit Participation Fund	-	17,042
Others:		
Balance payable to Employee's Fund Trusts	1,100,934	609,936*
Balance receivable from Employee's Fund Trusts	65,881	9,759 *

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

14. GENERAL

- 14.1** Subsequent to period end, FFC Board of Directors in its meeting held on October 03, 2014 approved sale of 1% equity stake of FFC in FFBL aggregating to 9,341,100 ordinary shares to Fauji Foundation, at the closing market price on October 03, 2014. As a result, FFBL and AKBL no longer remained subsidiaries of FFC effective October 03, 2014.
- 14.2** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 14.3** The Board of Directors of FFC in its meeting held on October 29, 2014 proposed third interim dividend of Rs 3.75 per share while an interim dividend of Re 0.75 per share has been proposed by the Board of Directors of FFBL on October 23, 2014.
- 14.4** This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of FFC on October 29, 2014.



Chairman



Chief Executive



Director

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