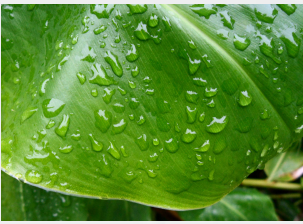


Half Yearly Financial Statements

June 30, 2011 (Un-Audited)



Company Information

BOARD OF DIRECTORS

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

Lt Gen Malik Arif Hayat, HI(M) (Retired)
Chief Executive and Managing Director

Mr Jorgen Madsen
Mr Qaiser Javed
Dr Nadeem Inayat
Mr Istaqbal Mehdi
Brig Rahat Khan, SI(M) (Retired)
Mr Shahid Aziz Siddiqi
Mr Shahid Anwar Khan
Mr Wazir Ali Khoja
Maj Gen Zahid Parvez, HI(M) (Retired)
Brig Agha Ali Hassan, SI(M) (Retired)
Mr Agha Nadeem

CHIEF FINANCIAL OFFICER

Syed Shahid Hussain
Tel: +92-51-9272339, Fax: +92-51-9272337
E-mail: shahid_hussain@ffc.com.pk

COMPANY SECRETARY

Brig Khalid Kibriya (Retired)
Tel: +92-51-9272327, Fax: +92-51-9272519
E-mail: ffcwp@ffc.com.pk

REGISTERED OFFICE

93-Harley Street, Rawalpindi Cantt
Tel: +92-51-9272307-14, Fax: +92-51-9272316
Website: www.ffc.com.pk
E-mail: ffcwp@ffc.com.pk

PLANTSITES

Goth Machhi, Sadikabad
(Distt: Rahim Yar Khan)
Tel: +92-685-786420-9, Fax: +92-685-786401

Mirpur Mathelo
(Distt: Ghotki)
Tel: +92-723-661500-09, Fax: +92-723-661462

MARKETING DIVISION

Lahore Trade Centre,
11 Shahrah-e-Aiwan-e-Tijarat, Lahore
Tel: +92-42-36369137-40, Fax: +92-42-36366324

KARACHI OFFICE

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

AUDITORS

M/s KPMG Taseer Hadi & Co.
Chartered Accountants

SHARES REGISTRAR

THK Associates (Pvt) Limited
Ground Floor, State Life Building – 3,
Dr. Ziauddin Ahmed Road,
Karachi – 75530
Tel: +92-21-111-000-322, Fax: +92-21-35655595

Directors' Review

For the half year ended June 30, 2011

On behalf of the Board of Directors, I am very pleased to report that yet again your Company has surpassed previous records by earning net profit after tax of Rs 8.19 billion during the half year ended June 30, 2011 with an EPS of Rs 9.65, higher by 61% compared to the corresponding period last year, mainly attributable to 30% increase in net average price of urea.

This was achieved despite the ongoing gas curtailment which resulted in production loss of 67 thousand tonnes during the period, limiting sales to 1,174 thousand tonnes compared to 1,232 thousand tonnes reported last year due to lower product availability. The combined urea market share of FFC/FFBL was, however, recorded at 52% registering an increase of 3% compared to the same period last year.

Gas crisis has badly affected the production of urea fertilizer in the Country. The crisis would further deepen if the gas load management plan is not revised, and not only that the gap shall have to be filled by imports but the Government would need to provide subsidy due to higher international prices, which shall be a further burden on the economy.

As a result of ongoing gas curtailment since April 2010, 60 MMSCFD Mari Shallow gas, best suited for fertilizer production, has been diverted to Guddu Thermal Power Station. Based on Fertilizer Industry's recommendations, ECC has recently approved utilization of Mari Deep gas by Guddu Thermal Power Station which is suitable for power generation. We seek GOP patronage and support for expeditious completion of "Mari Deep - Mari Shallow" swap project for supply of gas to Guddu Thermal Power Station from Mari Deep, and diverting the curtailed gas to the Fertilizer Plants on Mari network. This can help in achieving maximum capacity utilization in the Kharif sowing season to share Government's burden of urea import.

The financial close of FFC Wind Power Project was achieved in June 2011, paving the way for development of the renewable energy sector in the Country. Being the pioneer in wind technology in Pakistan, the project will not only lead and open new business avenues but shall also contribute in lessening dependency on imported fossil fuel improving the national as well as global environment.

In view of exceptional results achieved by the Company, the Board is pleased to announce 2nd interim dividend of Rs 4.75 per share, i.e. 47.5%, representing a cumulative payout of 95.81% amounting to Rs 7.85 billion during the half year as opposed to Rs 5.09 billion paid last year.

We continue to focus on meeting the expectations of our stakeholders, and following the strategy of sustainable growth, your Company shall continue to capitalize on right opportunities to maximize productivity and enhance value for the shareholders.

On behalf of the Board,



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

Venice, Italy
July 29, 2011

Independent Auditors' Report on Review of Interim Financial Information to the Members of Fauji Fertilizer Company Limited

Introduction

We have reviewed the accompanying condensed interim balance sheet of Fauji Fertilizer Company Limited ("the Company") as at June 30, 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information") for the six months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months' period ended June 30, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the three months' period ended June 30, 2011 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Islamabad
July 29, 2011

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Rehan Chughtai



Condensed Interim Financial Information

Condensed Interim Balance Sheet

As at June 30, 2011

	Note	Un-audited June 30, 2011	Audited December 31, 2010
		(Rupees '000)	
EQUITY AND LIABILITIES			
EQUITY			
Share capital	4	8,481,588	6,785,271
Capital reserves		160,000	160,000
Revenue reserves	5	8,810,842	8,502,276
		<u>17,452,430</u>	<u>15,447,547</u>
NON-CURRENT LIABILITIES			
Long term borrowings	6	2,945,952	3,819,405
Deferred taxation		3,123,217	3,215,821
		<u>6,069,169</u>	<u>7,035,226</u>
CURRENT LIABILITIES			
Trade and other payables	7	12,942,082	9,614,026
Interest and mark-up accrued		139,448	137,968
Short term borrowings		1,572,000	5,640,420
Current portion of long term borrowings		1,853,155	1,759,405
Taxation		4,960,530	3,426,264
		<u>21,467,215</u>	<u>20,578,083</u>
		<u>44,988,814</u>	<u>43,060,856</u>
CONTINGENCIES AND COMMITMENTS	8		

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

	Note	Un-audited June 30, 2011	Audited December 31, 2010
(Rupees '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	16,418,658	15,933,588
Goodwill		1,569,234	1,569,234
Long term investments	10	8,333,984	7,870,027
Long term loans and advances		484,098	455,328
Long term deposits and prepayments		9,711	9,037
		26,815,685	25,837,214
CURRENT ASSETS			
Stores, spares and loose tools		2,407,543	2,440,201
Stock in trade		285,853	211,720
Trade debts		450,372	357,956
Loans and advances		577,126	336,269
Deposits and prepayments		68,204	50,188
Other receivables		614,358	617,664
Short term investments	11	11,432,008	12,020,581
Cash and bank balances		2,337,665	1,189,063
		18,173,129	17,223,642
		44,988,814	43,060,856



Chairman



Chief Executive



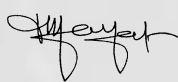
Director

Condensed Interim Profit and Loss Account (Un-audited)
For the half year ended June 30, 2011

	Note	For the quarter ended June 30, 2011	June 30, 2010	For the half year ended June 30, 2011	June 30, 2010
		(Rupees '000)		(Rupees '000)	
Sales	12	13,120,334	10,447,808	24,220,679	19,946,623
Cost of sales	13	5,336,917	5,658,376	10,527,250	11,113,074
GROSS PROFIT		7,783,417	4,789,432	13,693,429	8,833,549
Distribution cost		1,147,983	966,663	2,165,562	1,869,213
		6,635,434	3,822,769	11,527,867	6,964,336
Finance cost		242,041	230,213	471,309	493,721
Other expenses		614,568	310,959	1,121,439	629,997
		5,778,825	3,281,597	9,935,119	5,840,618
Other income		919,139	262,667	2,881,869	1,524,733
NET PROFIT BEFORE TAXATION		6,697,964	3,544,264	12,816,988	7,365,351
Provision for taxation		2,618,000	1,172,000	4,628,179	2,264,000
NET PROFIT AFTER TAXATION		4,079,964	2,372,264	8,188,809	5,101,351
Earnings per share - basic and diluted (Rupees)	14	4.81	2.80	9.65	6.01

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


Chairman


Chief Executive


Director

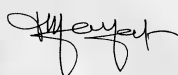
Condensed Interim Statement of Comprehensive Income (Un-audited)
For the half year ended June 30, 2011

	For the quarter ended		For the half year ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rupees '000)		(Rupees '000)	
Net profit after taxation	4,079,964	2,372,264	8,188,809	5,101,351
Other comprehensive income for the period				
Surplus / (deficit) on remeasurement of investments available for sale at fair value	2,318	3,563	8,850	(9,449)
Income tax relating to component of other comprehensive income	(470)	438	(1,216)	855
Other comprehensive income / (loss) for the period - net of tax	1,848	4,001	7,634	(8,594)
Total comprehensive income for the period	<u>4,081,812</u>	<u>2,376,265</u>	<u>8,196,443</u>	<u>5,092,757</u>

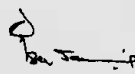
The annexed notes 1 to 17 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



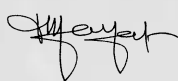
Director

Condensed Interim Statement of Cash Flows (Un-audited)
For the half year ended June 30, 2011

	Note	June 30, 2011	June 30, 2010
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	14,009,601	6,073,169
Finance cost paid		(469,829)	(501,827)
Income tax paid		(3,187,733)	(2,171,723)
Receipt from Workers' Profit Participation Fund		11,160	-
Payment to gratuity fund		(75,241)	(63,710)
Payment to pension fund		(109,220)	(77,446)
Net cash generated from operating activities		10,178,738	3,258,463
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,103,668)	(925,103)
Proceeds from sale of property, plant and equipment		7,182	7,483
Interest received		513,545	216,405
(Increase) / decrease in investments		(629,813)	346,537
Dividends received		2,257,357	1,311,620
Net cash generated from investing activities		1,044,603	956,942
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term borrowings		(779,703)	(619,702)
Dividends paid		(6,030,282)	(6,910,942)
Net cash used in financing activities		(6,809,985)	(7,530,644)
Net increase / (decrease) in cash and cash equivalents		4,413,356	(3,315,239)
Cash and cash equivalents at beginning of the period		6,423,264	2,096,060
Cash and cash equivalents at end of the period		10,836,620	(1,219,179)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		2,337,665	781,329
Short term highly liquid investments		10,070,955	1,451,905
Short term borrowings		(1,572,000)	(3,452,413)
		10,836,620	(1,219,179)

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


Chairman


Chief Executive


Director

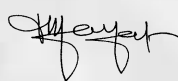
Condensed Interim Statement of Changes in Equity (Un-audited) For the half year ended June 30, 2011

				Revenue reserves		
	Share capital	Capital reserves	Surplus/ (deficit) on remeasurement of investments available for sale to fair value	General reserve	Unappropriated profit	Total
	(Rupees '000)					
Balance as at January 1, 2010	6,785,271	160,000	6,970	3,739,471	2,390,730	13,082,442
Total comprehensive income for the period						
Profit for the period after taxation	-	-	-	-	5,101,351	5,101,351
Other comprehensive income - net of tax	-	-	(8,594)	-	-	(8,594)
Total comprehensive income for the period	-	-	(8,594)	-	5,101,351	5,092,757
Distribution to owners						
Final dividend 2009: Rs 3.25 per share	-	-	-	-	(2,205,213)	(2,205,213)
First interim dividend 2010: Rs 4.00 per share	-	-	-	-	(2,714,108)	(2,714,108)
Total transactions with owners	-	-	-	-	(4,919,321)	(4,919,321)
Balance as at June 30, 2010	<u>6,785,271</u>	<u>160,000</u>	<u>(1,624)</u>	<u>3,739,471</u>	<u>2,572,760</u>	<u>13,255,878</u>
Balance as at January 1, 2011	6,785,271	160,000	(5,554)	4,239,471	4,268,359	15,447,547
Transfer to general reserve	-	-	-	1,700,000	(1,700,000)	-
Total comprehensive income for the period						
Profit for the period after taxation	-	-	-	-	8,188,809	8,188,809
Other comprehensive income - net of tax	-	-	7,634	-	-	7,634
Total comprehensive income for the period	-	-	7,634	-	8,188,809	8,196,443
Distribution to owners						
Issue of bonus shares	1,696,317	-	-	(1,696,317)	-	-
Final dividend 2010: Rs 3.50 per share	-	-	-	-	(2,374,845)	(2,374,845)
First interim dividend 2011: Rs 4.50 per share	-	-	-	-	(3,816,715)	(3,816,715)
Total transactions with owners	1,696,317	-	-	(1,696,317)	(6,191,560)	(6,191,560)
Balance as at June 30, 2011	<u>8,481,588</u>	<u>160,000</u>	<u>2,080</u>	<u>4,243,154</u>	<u>4,565,608</u>	<u>17,452,430</u>

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



Chairman



Chief Executive



Director

Notes to the Condensed Interim Financial Information (Un-audited)

For the half year ended June 30, 2011

1. Fauji Fertilizer Company Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Act, 1913, (now the Companies Ordinance, 1984) and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The registered office of the Company is situated at 93 - Harley Street, Rawalpindi, Pakistan. The Company is domiciled in Rawalpindi. The principal activity of the Company is manufacturing, purchasing and marketing of fertilizers and chemicals, including investment in other fertilizer, chemical and other manufacturing operations.
2. This condensed interim financial information of the Company for the six months period ended June 30, 2011 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 the condensed interim financial information does not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended December 31, 2010. Comparative balance sheet is extracted from annual financial statements as of December 31, 2010 whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are extracted from unaudited condensed interim financial information for the six months period ended June 30, 2010.

The 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 and the methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in preparation of financial statements for the year ended December 31, 2010. The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning as mentioned there against are either not relevant to the Company's current operations or are not expected to have significant impact on the Company's financial information other than certain additional disclosures:

- Amendments to IFRS 7 – Financial Instruments Disclosures (effective July 1, 2011)
- Amendments to IAS 12 – Deferred Tax (effective January 1, 2012)
- Amendments to IAS 1 – Presentation of Financial Statements (effective July 1, 2012)
- Amendments to IAS 19 – Employee Benefits (effective January 1, 2013)

4. SHARE CAPITAL

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

June 30, 2011	December 31, 2010		Un-audited June 30, 2011	Audited December 31, 2010
(Numbers)			(Rupees '000)	
256,495,902	256,495,902	Ordinary shares of Rs 10 each issued for consideration in cash.	2,564,959	2,564,959
591,662,929	422,031,163	Ordinary shares of Rs 10 each issued as fully paid bonus shares.	5,916,629	4,220,312
<u>848,158,831</u>	<u>678,527,065</u>		<u>8,481,588</u>	<u>6,785,271</u>

Notes to the Condensed Interim Financial Information
For the half year ended June 30, 2011

AUTHORISED SHARE CAPITAL

This represents 1,500,000,000 (2010: 1,000,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2010: Rs 10,000,000 thousand).

	Note	Un-audited June 30, 2011	Audited December 31, 2010
		(Rupees '000)	
5. REVENUE RESERVES			
General reserve		4,243,154	4,239,471
Surplus / (deficit) on remeasurement of available for sale investments to fair value - net of tax		2,080	(5,554)
Unappropriated profit		4,565,608	4,268,359
		<u>8,810,842</u>	<u>8,502,276</u>
6. LONG TERM BORROWINGS			
Long term borrowings - secured	6.1	4,799,107	5,578,810
Less: Amount payable within twelve months shown as current maturity		1,853,155	1,759,405
		<u>2,945,952</u>	<u>3,819,405</u>
6.1 Movement in this account during the period / year is as follows:			
Opening balance		5,578,810	6,378,214
Disbursements during the period / year		-	1,500,000
Repayments during the period / year		(779,703)	(2,299,404)
Closing balance		<u>4,799,107</u>	<u>5,578,810</u>
7. TRADE AND OTHER PAYABLES			
Creditors		346,908	413,062
Accrued liabilities		2,551,976	2,161,679
Consignment account with Fauji Fertilizer Bin Qasim Limited - unsecured		2,186,000	-
Sales tax payable - net		590,877	-
Deposits		160,744	171,047
Retention money		70,982	71,935
Advances from customers		4,924,687	5,798,379
Workers' Profit Participation Fund		688,209	-
Workers' Welfare Fund		982,735	726,397
Gratuity fund		74,033	32,174
Unclaimed dividend		311,932	150,654
Other liabilities		52,999	88,699
		<u>12,942,082</u>	<u>9,614,026</u>

Notes to the Condensed Interim Financial Information
For the half year ended June 30, 2011

	Un-audited June 30, 2011	Audited December 31, 2010
	(Rupees '000)	
8. CONTINGENCIES AND COMMITMENTS		
(a) Contingencies		
(i) Guarantees issued by banks on behalf of the Company	17,192	17,192
(ii) Guarantees issued by banks on behalf of the Company in favour of subsidiary company	1,572,000	-
(iii) Disputed demand for income tax and levy of contribution to Workers' Welfare Fund related to former PSFL decided in favour of the Company by the Income Tax Appellate Authorities, are currently in appeal by the department. The Company is confident that there are reasonable grounds for a favourable decision	178,590	178,590
(iv) Claims against the Company and / or potential exposure not acknowledged as debt	50,696	50,696
(v) Company's share of contingent liabilities of Fauji Cement Company Limited	187,685	187,685
(b) Commitments in respect of:		
(i) Capital expenditure	1,581,114	1,412,000
(ii) Purchase of fertilizer, stores, spares and other revenue items	82,742	333,833
(iii) Proposed investment in FFC Energy Limited	1,850,000	1,163,000
(iv) Company's share of commitments of PMP	14,391	16,013
(v) Rentals under lease agreements:		
- Premises	149,790	38,743
- Vehicles	100,532	99,129

Notes to the Condensed Interim Financial Information
For the half year ended June 30, 2011

	Note	Un-audited June 30, 2011	Audited December 31, 2010
		(Rupees '000)	
9. PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		15,933,588	13,993,518
Additions	9.1	1,103,668	4,372,955
Written down value of disposals / adjustments		(554)	(1,230,520)
Depreciation		(618,044)	(1,202,365)
Closing written down value		16,418,658	15,933,588

9.1 Additions in and depreciation on property, plant and equipment during the six months period ended June 30, 2010 were Rs 925,103 thousand and Rs 583,104 thousand respectively.

	Note	Un-audited June 30, 2011	Audited December 31, 2010
		(Rupees '000)	
10. LONG TERM INVESTMENTS			
Investment in associate - at cost			
Fauji Cement Company Limited		1,500,000	1,500,000
Investment in joint venture - at cost			
Pakistan Maroc Phosphore S.A., Morocco		705,925	705,925
Investment in subsidiaries - at cost			
Fauji Fertilizer Bin Qasim Limited (FFBL)		4,752,330	4,752,330
FFC Energy Limited (FFCEL)	10.1	1,150,000	650,000
Investments available for sale			
Certificates of Investment		103,404	94,556
Pakistan Investment Bonds		432,874	493,775
Term Finance Certificates		127,146	130,093
		663,424	718,424
		8,771,679	8,326,679
Less: Current portion shown under short term investments	11		
Investments available for sale			
Certificates of Investment		25,528	43,086
Pakistan Investment Bonds		395,594	396,929
Term Finance Certificates		16,573	16,637
		437,695	456,652
		8,333,984	7,870,027

10.1 Pursuant to the approval of the shareholders in the meeting held on February 24, 2010, during the period the Company has purchased 50,000,000 shares at Rs 10 each of FFC Energy Limited ("FFCEL"). FFCEL has been incorporated for the purpose of implementing a project comprising establishment and operation of wind power generation facility and the supply of electricity.

Notes to the Condensed Interim Financial Information

For the half year ended June 30, 2011

	Note	Un-audited June 30, 2011	Audited December 31, 2010
		(Rupees '000)	
11. SHORT TERM INVESTMENTS			
Available for sale			
Term deposits with banks and financial institutions			
Local currency		9,190,000	9,800,000
Foreign currency		1,078,385	1,074,621
Investments at fair value through profit or loss - Held for trading		725,928	689,308
Current maturity of long term investments - Available for sale	10	437,695	456,652
		<u>11,432,008</u>	<u>12,020,581</u>

12. SALES

Sales is exclusive of sales tax of Rs 2,474,033 thousand (June 30, 2010: Rs 343 thousand).

	Un-audited For the quarter ended		Un-audited For the half year ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rupees '000)		(Rupees '000)	
13. COST OF SALES				
Raw materials consumed	1,543,485	1,965,353	3,396,294	3,955,118
Fuel and power	1,200,675	1,565,190	2,567,852	3,066,255
Chemicals and supplies	56,897	67,593	132,569	124,573
Salaries, wages and benefits	1,251,322	888,477	2,119,036	1,695,922
Training and employees welfare	114,072	101,179	238,778	200,967
Rent, rates and taxes	9,612	8,091	12,205	15,837
Insurance	47,161	38,006	85,034	75,785
Travel and conveyance	90,664	83,557	152,566	126,084
Repairs and maintenance	174,160	108,628	656,871	475,841
Depreciation	303,853	284,701	605,629	569,975
Communication and other expenses	100,860	280,574	386,129	465,707
Provision for slow moving and surplus spares	24,635	16,790	24,635	16,790
Opening stock - work in process	45,471	24,860	28,074	37,186
Closing stock - work in process	(29,491)	(20,346)	(29,491)	(20,346)
Cost of goods manufactured	<u>4,933,376</u>	<u>5,412,653</u>	<u>10,376,181</u>	<u>10,805,694</u>
Add: Opening stock of manufactured urea	<u>368,371</u>	<u>97,358</u>	<u>105,609</u>	<u>73,353</u>
Less: Closing stock of manufactured urea	<u>(79,650)</u>	<u>(135,817)</u>	<u>(79,650)</u>	<u>(135,817)</u>
	<u>288,721</u>	<u>(38,459)</u>	<u>25,959</u>	<u>(62,464)</u>
Cost of sales - own manufactured urea	<u>5,222,097</u>	<u>5,374,194</u>	<u>10,402,140</u>	<u>10,743,230</u>
Opening stock of purchased fertilizers	<u>184,901</u>	<u>268,422</u>	<u>-</u>	<u>-</u>
Purchase of fertilizers for resale	<u>8,369</u>	<u>1,748,084</u>	<u>203,560</u>	<u>2,102,168</u>
	<u>193,270</u>	<u>2,016,506</u>	<u>203,560</u>	<u>2,102,168</u>
Less: Closing stock of purchased fertilizers	<u>(78,450)</u>	<u>(1,732,324)</u>	<u>(78,450)</u>	<u>(1,732,324)</u>
Cost of sales - purchased fertilizers	<u>114,820</u>	<u>284,182</u>	<u>125,110</u>	<u>369,844</u>
	<u>5,336,917</u>	<u>5,658,376</u>	<u>10,527,250</u>	<u>11,113,074</u>

Notes to the Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2011

14. EARNINGS PER SHARE

	For the quarter ended		For the half year ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rupees '000)		(Rupees '000)	
Net profit after tax - (Rupees '000)	4,079,964	2,372,264	8,188,809	5,101,351
Weighted average number of shares in issue during the period - (Number '000)	848,159	848,159	848,159	848,159
Basic and diluted earnings per share (Rupees)	4.81	2.80	9.65	6.01

There is no dilutive effect on the basic earnings per share of the Company. Weighted average number of shares in issue and earnings per share for the three and six months period ended June 30, 2010 have been restated by taking into effect, the bonus shares issued during the period @ 25%.

	June 30, 2011	June 30, 2010
	(Rupees '000)	
15. CASH GENERATED FROM OPERATIONS		
Net profit before taxation	12,816,988	7,365,351
Adjustments for:		
Depreciation	614,841	579,911
Provision for gratuity	117,100	42,045
Provision for pension	88,887	35,797
Provision for Workers' Profit Participation Fund	688,070	395,403
Provision for Workers' Welfare Fund	256,340	147,307
Provision for slow moving and surplus spares	24,635	16,790
Finance cost	471,309	493,721
Gain on sale of property, plant and equipment	(6,628)	(6,764)
Income on loans, deposits and investments	(529,199)	(203,325)
Exchange gain	(3,768)	(15,988)
(Gain) / loss on remeasurement of investments at fair value through profit or loss	(36,619)	29,568
Dividend income	(2,257,357)	(1,311,620)
	(572,389)	202,845
	12,244,599	7,568,196
Changes in working capital		
Decrease / (increase) in current assets		
Stores, spares and loose tools	8,023	(108)
Stock in trade	(74,133)	(1,849,171)
Trade debts	(92,416)	(60,122)
Loans and advances	(240,857)	(226,655)
Deposits and prepayments	(18,016)	(93,823)
Other receivables	7,939	290,791
Increase in current liabilities		
Trade and other payables	2,203,906	548,930
	1,794,446	(1,390,158)
Changes in long term loans and advances	(28,770)	(103,711)
Changes in long term deposits and prepayments	(674)	(1,158)
	14,009,601	6,073,169

Notes to the Condensed Interim Financial Information (Un-audited)
For the half year ended June 30, 2011

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

	June 30, 2011	June 30, 2010
	(Rupees '000)	
Transactions with subsidiary companies		
Marketing of fertilizer on behalf of subsidiary company under sale on consignment basis	235,313	220,721
Commission on sale of subsidiary company's products	8,506	8,373
Services and materials provided	-	67,232
Services and materials received	1,104	870
Dividend income	2,257,357	1,306,891
Investment	500,000	300,000
Balance receivable - unsecured	8,361	25,553 *
Balance payable - unsecured	2,186,000	- *
Transactions with associated undertakings / companies due to common directorship		
Medical services	72	103
Office rent	2,057	1,905
Dividend paid	2,745,956	3,065,003
Purchase of gas as feed and fuel stock	5,291,134	6,392,286
Others	3,604	6,851
Balance receivable - unsecured	4,053	2,772 *
Balance payable - unsecured	518,497	550,892 *
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 468 (2010: 1 and 408) respectively	1,689,461	1,140,518
Payments to:		
Employees' Provident Fund Trust	113,725	101,427
Employees' Gratuity Fund Trust	75,241	63,710
Employees' Pension Fund Trust	109,220	77,446
Others:		
Balance payable - unsecured	1,744,977	747,550 *

* Comparative figures of receivable / payable balances are as of December 31, 2010.

17. GENERAL

- 17.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 17.2 The Board of Directors in their meeting held on July 29, 2011 have proposed second interim dividend of Rs 4.75 per share.
- 17.3 This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on July 29, 2011.



Chairman



Chief Executive



Director



Condensed Interim
Consolidated
Financial Information

Condensed Interim Consolidated Balance Sheet

As at June 30, 2011

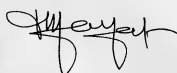
	Note	Un-audited June 30, 2011	Audited December 31, 2010
		(Rupees '000)	
EQUITY AND LIABILITIES			
ATTRIBUTABLE TO EQUITY HOLDERS OF FAUJI FERTILIZER COMPANY LIMITED			
Share capital	3	8,481,588	6,785,271
Capital reserves		964,002	973,083
Revenue reserves	4	9,422,585	9,522,587
		18,868,175	17,280,941
NON-CONTROLLING INTERESTS		5,530,374	5,988,208
TOTAL EQUITY		24,398,549	23,269,149
NON-CURRENT LIABILITIES			
Long term borrowings	5	7,942,195	7,708,608
Deferred liabilities		6,872,967	7,080,897
		14,815,162	14,789,505
CURRENT LIABILITIES			
Trade and other payables		18,466,449	18,072,420
Interest and mark-up accrued		344,451	294,063
Short term borrowings		12,961,137	11,293,144
Current portion of long term:			
- Financing		1,853,155	1,967,877
- Murabaha		-	19,338
- Loans		648,201	648,201
Taxation - net		5,362,245	3,663,165
		39,635,638	35,958,208
		78,849,349	74,016,862
CONTINGENCIES AND COMMITMENTS	6		

The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.

	Note	Un-audited June 30, 2011	Audited December 31, 2010
(Rupees '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	7	33,572,578	31,057,091
Goodwill		1,569,234	1,569,234
Equity accounted investments	8.1	4,958,673	4,859,358
Other long term investments	8.2	347,355	261,772
Long term loans and advances		484,098	455,328
Long term deposits and prepayments		86,023	85,349
		41,017,961	38,288,132
CURRENT ASSETS			
Stores, spares and loose tools		4,493,355	4,342,439
Stock in trade		5,725,428	1,482,387
Trade debts		938,594	1,187,941
Loans and advances		640,875	450,631
Deposits and prepayments		152,546	64,170
Other receivables		756,437	856,429
Short term investments	9	12,182,008	13,270,581
Cash and bank balances		12,942,145	14,074,152
		37,831,388	35,728,730
		78,849,349	74,016,862



Chairman



Chief Executive



Director

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

For the half year ended June 30, 2011

	Note	For the quarter ended		For the half year ended	
		June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
		(Rupees '000)		(Rupees '000)	
Sales		23,088,205	15,805,216	42,246,625	31,874,338
Cost of sales	10	11,118,187	8,984,785	21,615,217	19,195,830
GROSS PROFIT		11,970,018	6,820,431	20,631,408	12,678,508
Administrative expenses and distribution cost		2,007,181	1,806,956	3,518,395	3,223,436
		9,962,837	5,013,475	17,113,013	9,455,072
Finance cost		508,023	463,370	844,638	825,615
Other expenses		849,568	404,481	1,527,474	818,245
		8,605,246	4,145,624	14,740,901	7,811,212
Other income		671,248	496,673	1,316,590	681,071
Share of profit of joint venture and associate		106,752	16,382	112,818	45,443
NET PROFIT BEFORE TAXATION		9,383,246	4,658,679	16,170,309	8,537,726
Provision for taxation		3,888,555	1,532,537	6,664,016	3,052,950
NET PROFIT AFTER TAXATION		5,494,691	3,126,142	9,506,293	5,484,776
ATTRIBUTABLE TO:					
Equity holders of Fauji Fertilizer Company Limited		4,533,878	2,677,453	7,780,241	4,638,848
Non-controlling interests		960,813	448,689	1,726,052	845,928
		<u>5,494,691</u>	<u>3,126,142</u>	<u>9,506,293</u>	<u>5,484,776</u>

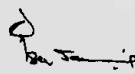
The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.



Chairman



Chief Executive




Director

Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)
For the half year ended June 30, 2011

	For the quarter ended		For the half year ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rupees '000)		(Rupees '000)	
Net profit after taxation	5,494,691	3,126,142	9,506,293	5,484,776
Other comprehensive income for the period				
Exchange difference on translating foreign investment	142,212	(152,969)	(13,503)	(132,614)
Surplus / (deficit) on remeasurement to fair value of investments available for sale	2,318	3,563	8,850	(9,449)
	144,530	(149,406)	(4,653)	(142,063)
Income tax relating to component of other comprehensive income	(470)	437	(1,216)	855
Other comprehensive income for the period - net of tax	144,060	(148,969)	(5,869)	(141,208)
Total comprehensive income for the period	5,638,751	2,977,173	9,500,424	5,343,568
ATTRIBUTABLE TO:				
Equity holders of Fauji Fertilizer Company Limited	4,631,457	2,578,618	7,778,794	4,541,070
Non-controlling interests	1,007,294	398,555	1,721,630	802,498
	5,638,751	2,977,173	9,500,424	5,343,568

The annexed notes 1 to 13 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 half year ended June 30, 2011

	Note	June 30, 2011	June 30, 2010
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	13,111,449	3,855,310
Finance cost paid		(766,936)	(825,199)
Income tax paid		(5,216,782)	(3,798,923)
Payment to pension fund		(109,220)	(77,446)
Payment to gratuity fund		(75,241)	(63,710)
Payment to Workers' Profit Participation Fund		(59,845)	(53,549)
Compensated absences paid		(4,898)	(4,339)
		(6,232,922)	(4,823,166)
Net cash generated / (used in) from operating activities		6,878,527	(967,856)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,800,228)	(1,293,392)
Proceeds from sale of property, plant and equipment		8,209	12,223
Interest received		1,217,462	495,792
(Increase) / decrease in investments		(837,443)	1,164,889
Net cash (used in) / generated from investing activities		(3,412,000)	379,512
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - repayments		(1,636,376)	(1,503,556)
Long term murabaha - repayments		(19,338)	(19,338)
Long term loan received		1,755,241	-
Dividends paid		(8,255,724)	(8,495,441)
Net cash used in financing activities		(8,156,197)	(10,018,335)
Net decrease in cash and cash equivalents		(4,689,670)	(10,606,679)
Cash and cash equivalents at beginning of the period		14,905,629	8,413,641
Cash and cash equivalents at end of the period		10,215,959	(2,193,038)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		12,942,145	7,492,963
Short term borrowings		(12,961,137)	(12,837,906)
Short term highly liquid investments		10,234,951	3,151,905
		10,215,959	(2,193,038)

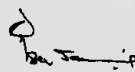
The annexed notes 1 to 13 form an integral part of this condensed interim consolidated financial information.



Chairman



Chief Executive



Director


Condensed Interim Consolidated Statement of Changes in Equity (Un-audited) For the half year ended June 30, 2011

	Attributable to equity holders of Fauji Fertilizer Company Limited						Non-controlling interests	Total	
	Capital reserves				Revenue reserves				
	Share capital	Capital reserves	Translation reserve	Statutory reserve	Surplus / (deficit) on remeasurement of available for sale				
					investments to fair value	General reserve			
									Unappropriated profit
(Rupees '000)									
Balance at January 01, 2010	6,785,271	276,184	704,115	6,436	6,970	3,739,471	2,580,220	5,237,334	19,336,001
Total comprehensive income for the period									
Profit for the period after taxation	-	-	-	-	-	-	4,638,848	845,928	5,484,776
Other comprehensive income - net of tax	-	-	(89,184)	-	(8,594)	-	-	(43,430)	(141,208)
Total comprehensive income for the period	-	-	(89,184)	-	(8,594)	-	4,638,848	802,498	5,343,568
Distribution to owners									
FFC dividends:									
FFC Final dividend 2009: Rs 3.25 per share	-	-	-	-	-	-	(2,205,213)	-	(2,205,213)
FFC First interim dividend 2010: Rs 4.00 per share	-	-	-	-	-	-	(2,714,108)	-	(2,714,108)
Dividend to FFBL non-controlling interest holders	-	-	-	-	-	-	-	(1,032,472)	(1,032,472)
Final dividend 2009: Rs 2.25 per share	-	-	-	-	-	-	-	(229,438)	(229,438)
First interim dividend 2011: Rs0.5 per share	-	-	-	-	-	-	(4,919,321)	-	(4,919,321)
Total transactions with owners	-	-	-	-	-	-	(4,919,321)	(1,261,910)	(6,181,231)
Balance as at June 30, 2010	6,785,271	276,184	614,931	6,436	(1,624)	3,739,471	2,299,747	4,777,922	18,498,338
Balance at January 01, 2011	6,785,271	276,184	690,463	6,436	(5,554)	4,239,471	5,288,670	5,988,208	23,269,149
Transfer to general reserve	-	-	-	-	-	1,700,000	(1,700,000)	-	-
Total comprehensive income for the period									
Profit for the period after taxation	-	-	-	-	-	-	7,780,241	1,726,052	9,506,293
Other comprehensive income - net of tax	-	-	(9,081)	-	7,634	-	-	(4,422)	(5,869)
Total comprehensive income for the period	-	-	(9,081)	-	7,634	-	7,780,241	1,721,630	9,500,424
Distribution to owners									
FFC dividends:									
Bonus shares issued	1,696,317	-	-	-	-	(1,696,317)	-	-	-
FFC Final dividend 2010: Rs 3.50 per share	-	-	-	-	-	-	(2,374,845)	-	(2,374,845)
FFC first interim dividend 2011: Rs 4.50 per share	-	-	-	-	-	-	(3,816,715)	-	(3,816,715)
Dividend to FFBL non-controlling interest holders	-	-	-	-	-	-	-	(1,605,921)	(1,605,921)
Final dividend 2010: Rs 3.50 per share	-	-	-	-	-	-	-	(573,543)	(573,543)
First interim dividend 2011: Rs 1.25 per share	-	-	-	-	-	-	-	(6,191,560)	(6,191,560)
Total transactions with owners	-	-	-	-	-	-	(6,191,560)	(2,179,464)	(8,371,024)
Balance as at June 30, 2011	8,481,588	276,184	681,382	6,436	2,080	4,243,154	5,177,351	5,530,374	24,398,549

The annexed notes 1 to 13 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 half year ended June 30, 2011

1. Fauji Fertilizer Company Limited (hereinafter referred to as 'FFC' or 'parent company') and its subsidiaries, Fauji Fertilizer Bin Qasim Limited (FFBL) and FFC Energy Limited (FFCEL), collectively referred to as 'the group' are incorporated in Pakistan as public limited companies. Shares of FFC and FFBL are quoted on the Karachi, Lahore and Islamabad stock exchanges of Pakistan. The registered offices of the group are situated in Rawalpindi, Pakistan. The principal activities of FFC and FFBL are manufacturing, purchasing and marketing of fertilizers and chemicals including investment in chemical and other manufacturing operations while FFCEL is engaged in generation of electricity through wind energy and its onward supply to National Transmission & Dispatch Company (NTDC).
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 half year ended June 30, 2011 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 be read in conjunction with the annual financial statements of the group for the year ended December 31, 2010. Comparative condensed interim consolidated balance sheet is extracted from annual audited financial statements for the year ended December 31, 2010 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 un-audited condensed interim financial report for half year ended June 30, 2010.

3. SHARE CAPITAL

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

June 30, 2011	December 31, 2010		Un-audited June 30, 2011	Audited December 31, 2010
(Numbers)			(Rupees '000)	
256,495,902	256,495,902	Ordinary shares of Rs 10 each issued for consideration in cash.	2,564,959	2,564,959
591,662,929	422,031,163	Ordinary shares of Rs 10 each issued as fully paid bonus shares.	5,916,629	4,220,312
<u>848,158,831</u>	<u>678,527,065</u>		<u>8,481,588</u>	<u>6,785,271</u>

AUTHORISED SHARE CAPITAL

This represents 1,500,000,000 (2010: 1,000,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2010: Rs 10,000,000 thousand).

Notes to the Condensed Interim Consolidated Financial Information
For the half year ended June 30, 2011

	Note	Un-audited June 30, 2011	Audited December 31, 2010
(Rupees '000)			
4. REVENUE RESERVES			
General reserve		4,243,154	4,239,471
Surplus / (deficit) on remeasurement of available for sale investments to fair value - net of tax		2,080	(5,554)
Unappropriated profit		5,177,351	5,288,670
		<u>9,422,585</u>	<u>9,522,587</u>
5. LONG TERM BORROWINGS			
Long term financing - secured	5.1	6,554,348	5,787,282
Long term murabaha - secured	5.2	-	19,338
Long term loan - Government of Pakistan loan - FFBL (un-secured)	5.3	3,889,203	4,537,404
		<u>10,443,551</u>	<u>10,344,024</u>
Less: Amount payable within twelve months shown as current maturity		2,501,356	2,635,416
		<u>7,942,195</u>	<u>7,708,608</u>
5.1 Movement in this account during the period / year is as follows:			
Opening balance		5,787,282	7,003,630
Disbursements during the period / year		1,755,241	1,500,000
Repayments during the period / year		(988,175)	(2,716,348)
Closing balance		<u>6,554,348</u>	<u>5,787,282</u>
5.2 Movement in this account during the period / year is as follows:			
Opening balance		19,338	58,017
Repayments during the period / year		(19,338)	(38,679)
Closing balance		<u>-</u>	<u>19,338</u>
5.3 Movement in this account during the period / year is as follows:			
Opening balance		4,537,404	5,185,605
Adjustment during the period / year		(648,201)	(648,201)
Closing balance		<u>3,889,203</u>	<u>4,537,404</u>

Notes to the Condensed Interim Consolidated Financial Information
For the half year ended June 30, 2011

	Un-audited June 30, 2011	Audited December 31, 2010
	(Rupees '000)	
6. CONTINGENCIES AND COMMITMENTS		
a) Contingencies		
i) Guarantees issued by banks on behalf of the Group companies	50,763	52,896
ii) Disputed demand for income tax and levy of contribution to Workers' Welfare Fund related to former PSFL decided in favour of FFC by the Income Tax Appellate Authorities, are currently in appeal by the department. FFC is confident that there are reasonable grounds for a favourable decision	178,590	178,590
iii) Guarantees issued by banks on behalf of FFC in favour of a subsidiary company	1,572,000	-
iv) Income tax demands, not acknowledged as debt, have been challenged by FFBL and are currently in appeal; FFBL expects favourable outcome of appeal	-	96,390
v) Claims against FFC and / or potential exposure not acknowledged as debt	50,696	50,696
vi) Indemnity bonds and undertakings given to the custom authorities for the machinery imported by FFBL for installation at plant site	119,650	119,650
vii) Group's share of contingencies in Fauji Cement Company Limited	225,222	206,784
b) Commitments in respect of:		
i) Capital expenditure	9,485,177	11,633,786
ii) Purchase of fertilizer, stores, spares and other revenue items	1,829,547	1,564,881
iii) Group's share of commitments of PMP	28,782	16,154
iv) FFC's proposed investment in FFC Energy Limited	1,850,000	1,163,000
v) FFBL's share of commitments for investments in wind power projects	4,878,374	5,000,000
vi) Rentals under lease agreements:		
- Premises	149,790	38,743
- Vehicles	100,532	99,129

Notes to the Condensed Interim Consolidated Financial Information

For the half year ended June 30, 2011

	Note	Un-audited June 30, 2011	Audited December 31, 2010
		(Rupees '000)	
7. PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		31,057,091	29,570,418
Additions during the period / year		3,801,471	5,247,312
Written down value of disposals / adjustments		(2,630)	(1,243,684)
Depreciation during the period / year		(1,283,354)	(2,516,955)
Closing written down value		33,572,578	31,057,091
8. LONG TERM INVESTMENTS			
Equity accounted investments	8.1	4,958,673	4,859,358
Other long term investments	8.2	347,355	261,772
		5,306,028	5,121,130
8.1 Equity accounted investments			
Investment in associated company			
Fauji Cement Company Limited			
Cost of investment		1,800,000	1,800,000
Share of post acquisition profits		208,170	191,898
Share of profit for the period / year		22,362	16,272
Balance as at June 30, 2011		2,030,532	2,008,170
Investment in joint venture			
Pakistan Maroc Phosphore S.A. Morocco			
Cost of investments		2,117,075	2,117,075
Post acquisition losses brought forward		(292,594)	(420,001)
Share of profit for the period / year		90,456	177,158
Dividend		-	(49,751)
Gain on translation of net assets		1,013,204	1,026,707
Balance as at June 30, 2011		2,928,141	2,851,188
		4,958,673	4,859,358
8.2 OTHER LONG TERM INVESTMENTS			
FFBL's advance against issue of shares			
Foundation Wind Energy-I (Pvt) Limited		63,438	-
Foundation Wind Energy-II (Pvt) Limited		58,188	-
		121,626	-
Investments available for sale			
Certificates of Investment		103,404	94,556
Pakistan Investment Bonds		432,874	493,775
Term Finance Certificates		127,146	130,093
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)
		-	-
		663,424	718,424
Less: Current portion shown under short term investments	9		
Investments available for sale			
Certificates of Investment		25,528	43,086
Pakistan Investments Bonds		395,594	396,929
Term Finance Certificates		16,573	16,637
		437,695	456,652
		347,355	261,772

Notes to the Condensed Interim Consolidated Financial Information

For the half year ended June 30, 2011

	Note	Un-audited June 30, 2011	Audited December 31, 2010
		(Rupees '000)	
9. SHORT TERM INVESTMENTS			
Available for sale			
Term deposits with banks and financial institutions			
Local currency		9,190,000	9,800,000
Foreign currency		1,078,385	1,074,621
Investments at fair value through profit or loss - Held for trading		725,928	689,308
Loans and receivables at amortised cost		750,000	1,250,000
Current maturity of long term investments	8.2	437,695	456,652
		<u>12,182,008</u>	<u>13,270,581</u>

10. COST OF SALES

	For the quarter ended June 30, 2011		For the half year ended June 30, 2011	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rupees '000)		(Rupees '000)	
Raw materials consumed	9,355,231	8,474,290	15,815,646	14,206,097
Fuel and power	1,702,140	2,168,954	3,471,402	4,138,143
Chemicals and supplies	109,609	100,678	239,361	195,815
Salaries, wages and benefits	1,642,122	1,052,427	2,817,778	2,128,123
Training and employees welfare	114,072	101,179	238,778	200,967
Rent, rates and taxes	13,902	14,897	21,223	30,398
Insurance	73,558	57,447	137,311	115,287
Travel and conveyance	126,073	101,331	216,194	162,826
Repairs and maintenance	293,563	222,496	1,139,896	1,111,330
Depreciation	630,548	598,213	1,259,916	1,195,746
Communication and other expenses	128,548	292,808	440,375	485,965
Provision for slow moving and surplus spares	24,635	16,790	24,635	16,790
Opening stock - work in process	85,853	51,977	57,567	42,326
Closing stock - work in process	(48,150)	(28,616)	(48,150)	(28,616)
Cost of goods manufactured	14,251,704	13,224,871	25,831,932	24,001,197
Add: Opening stock of manufactured fertilizers	1,447,692	895,222	354,204	244,279
Less: Closing stock of manufactured fertilizers	(4,696,029)	(5,419,490)	(4,696,029)	(5,419,490)
	(3,248,337)	(4,524,268)	(4,341,825)	(5,175,211)
Cost of sales of own manufactured fertilizers	11,003,367	8,700,603	21,490,107	18,825,986
Opening stock of purchased fertilizers	184,901	268,422	-	-
Purchase of fertilizers for resale	8,369	1,748,084	203,560	2,102,168
	193,270	2,016,506	203,560	2,102,168
Less: Closing stock of purchased fertilizers	(78,450)	(1,732,324)	(78,450)	(1,732,324)
Cost of sale of purchased fertilizers	114,820	284,182	125,110	369,844
	<u>11,118,187</u>	<u>8,984,785</u>	<u>21,615,217</u>	<u>19,195,830</u>

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)

For the half year ended June 30, 2011

	June 30, 2011	June 30, 2010
	(Rupees '000)	
11. CASH GENERATED FROM OPERATIONS		
Net profit before taxation	16,170,309	8,537,726
Adjustments for:		
Depreciation	1,280,151	1,213,066
Provision for slow moving and surplus spares	24,635	16,790
Finance cost	818,464	805,465
Provision for Workers' Profit Participation Fund	985,683	530,304
Provision for Workers' Welfare Fund	363,666	199,475
Property, plant and equipment adjustment	-	6,008
Income on loans, deposits and investments	(704,683)	(393,562)
Gain on sale of property, plant and equipment	(6,827)	(7,610)
Provision for gratuity	146,070	58,906
Provision for pension	88,887	35,797
Provision for compensated absences	46,788	16,597
Exchange loss	22,406	4,162
Gain on remeasurement of investments at fair value through profit or loss	(554,626)	(229,634)
Share of profit of joint venture and associate	(112,818)	(45,443)
	2,397,796	2,210,321
	18,568,105	10,748,047
Changes in working capital		
Decrease / (increase) in current assets:		
Stores, spares and loose tools	(175,551)	37,942
Stock in trade	(4,243,041)	(6,686,300)
Trade debts	249,347	80,418
Loans and advances	(190,244)	(223,026)
Deposits and prepayments	(66,447)	(134,004)
Other receivables	109,854	(189,806)
(Decrease) / increase in current liabilities:		
Trade and other payables	(1,111,130)	326,694
	(5,427,212)	(6,788,082)
Changes in long term loans and advances	(28,770)	(103,711)
Changes in long term deposits and prepayments	(674)	(944)
	13,111,449	3,855,310

Notes to the Condensed Interim Consolidated Financial Information (Un-audited)
For the half year ended June 30, 2011

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

	June 30, 2011	June 30, 2010
	(Rupees '000)	
Transactions with associated undertaking/ companies due to common directorship		
Sale of fertilizer	2,210	470
Rent charged to Group Companies	2,601	2,400
Dividend paid	3,513,087	3,509,132
FFBL's investment in wind power projects	121,626	-
Repayment of principal portion of long term finance	19,338	-
Financial charges	328	-
Medical services	72	103
Purchase of gas as feed and fuel stock	5,291,134	6,392,286
Others	3,604	6,851
Balance payable - unsecured	518,497	50,892 *
Balance receivable - unsecured	4,053	- *
Transactions with joint venture company		
Raw material purchased	11,334,716	8,024,560
Expenses incurred on behalf of joint venture company	19,362	12,049
Balance payable - secured	3,969,925	3,347,622 *
Balance receivable - unsecured	29,159	21,376 *
Other related parties		
Remuneration including benefits and perquisites of Chief Executives and Executives. No. of persons 2011: 2 and 702 (2010: 2 and 580)	2,269,341	1,496,650
Payments to:		
Employees' Provident Fund Trust	132,579	114,718
Employees' Gratuity Fund Trust	104,211	80,571
Employees' Pension Fund Trust	109,220	77,446
Workers' Profit Participation Fund	71,005	53,549
Others:		
Balance payable - unsecured	2,542,758	1,181,287 *

* Comparative figures of receivable / payable balances are as of December 31, 2010.

13. GENERAL

- 13.1** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 13.2** The Board of Directors of FFC in their meeting held on July 29, 2011 proposed second interim dividend of Rs 4.75 per share while an interim dividend of Rs 2.25 per share has been proposed by the Board of Directors of FFBL on July 26, 2011.
- 13.3** This condensed interim consolidated financial information has been authorised for issue by the Board of Directors of FFC on July 29, 2011.



Chairman



Chief Executive



Director

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