



First Quarter **Accounts** 2013



Company Information

DIRECTORS

● Lt Gen Muhammad Mustafa Khan, HI(M) (Retd)

Chairman

● Lt Gen Muhammad Zaki, HI, HI(M), (Retd)

Chief Executive & Managing Director

● Lt Gen Naeem Khalid Lodhi, HI(M), (Retd)

● Mr Qaiser Javed

● Dr Nadeem Inayat

● Maj Gen Ghulam Haider, HI(M) (Retd)

● Brig Parvez Sarwar Khan, SI(M) (Retd)

● Brig Dr Gulfam Alam, SI(M) (Retd)

● Brig Muhammad Saeed Khan, (Retd)

● Mr Naved A. Khan

● Mr Nasier A. Sheikh

● Dr Rashid Bajwa

COMPANY SECRETARY

Brig Shaukat Yaqub Malik, SI(M), (Retd)

CFO

Syed Aamir Ahsan

REGISTERED OFFICE

73 Harley Street, Rawalpindi, Pakistan

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PLANTSITE

Bin Qasim, Karachi, Pakistan

LEGAL ADVISORS

Orr Dignam & Co

Advocates,

3-A, Street 32, Sector F-8/1,

Islamabad, Pakistan

AUDITORS

KPMG Taseer Hadi & Co

Chartered Accountants

6th Floor, State Life Building,

Jinnah Avenue, Islamabad.

SHARES REGISTRAR

Corplink (Pvt) Limited

Wings Arcade, 1-K, Commercial,
Model Town, Lahore.

Tel: (042) 35839182, 35887262

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Directors' Review

For the Quarter Ended 31 March 2013

The Board of Directors is pleased to present a brief overview of the operational and financial performance of the Company for the quarter ended March 31, 2013.

By the grace of Almighty, the overall performance of the plants remained satisfactory during the period. Supply of natural gas to FFBL improved during the first quarter and the gas curtailment reduced to 24% against the 58% in the corresponding period. Improved gas situation resulted in overall improvement in operations of the Company. Production of Ammonia at 67 thousand tonnes, Urea at 55 thousand tonnes and DAP at 145 thousand tonnes was higher by 101%, 108% and 67% respectively, comparing with the corresponding period.

Urea inventory in the country at the start of the year 2013 stood at 434 thousand tonnes which was the highest opening level since year 1985. Government of Pakistan continued to import Urea under SABIC long term loan facility to offset the impact of production loss caused by the extended gas curtailment to the fertilizer sector. Branded Urea off take improved during first quarter of 2013 as compared to the same period last year due to less imports during the Jan-Mar 2013 and GOP's decision to increase wheat support price from Rs1050 per 40 kg to Rs1200 per 40 kg.

Domestic Urea market is estimated to increase by 30% from 1,034 thousand tonnes to 1,346 thousand tonnes during Jan-Mar 2013 as compared to the same period of 2012. Estimated industry Urea production is 1,033 thousand tonnes during Jan-Mar 2013 whereas production during the same period last year was 1,015 thousand tonnes. Urea imports during Jan-Mar 2013 are estimated to be 86 thousand tonnes which are substantially lower than the imports of 463 thousand tonnes during the same period of 2012.

Year 2013 started with considerably high industry DAP opening inventory of 157 thousand tonnes; 71% higher as compared to the opening inventory of 2012. DAP imports during Jan-Mar 2013 are estimated to be 50% less vis-à-vis the imports of Jan- Mar 2012. Fertilizer marketing companies reduced their DAP dealer transfer prices by Rs 100/- per bag effective February 01, 2013 due to downward trend of international DAP prices.

Domestic DAP market during Jan-Mar 2013 is estimated at 147 thousand tonnes; 91% higher than 77 thousand tonnes sales of Jan-Mar 2012. During the period Jan-Mar 2013 DAP production is estimated to be 145 thousand tonnes, which is 67% higher than 87 thousand tonnes production of same period last year. DAP imports during Jan-Mar 2013 are estimated to be 39 thousand tonnes while closing inventory at the end of March 2013 is estimated at 191 thousand tonnes, 8% higher as compared to 177 thousand tonnes closing inventory of March 2012.

FFBL Sona Urea (G) sales during Jan-Mar 2013 are 51 thousand tonnes owing to higher

production. These sales are considerably higher as compared to 8 thousand tonnes sales during the same period of 2012. FFBL Sona DAP estimated sales during the Jan-Mar 2013 are 94 thousand tonnes. These sales are 292% higher as compared to 24 thousand tonnes sales during the same period of 2012.

During Jan-Mar 2013 FFBL share in Urea and DAP market is estimated to be 4% and 65% respectively.

FFBL financial results have shown improvement during the period Jan-Mar 2013 comparing the corresponding period owing to higher production and sales. The Company earned a gross profit of Rs 1,648 million as compared to loss of Rs 265 million in the corresponding period.

Net profit after tax, as a result of the above stated factors stood at Rs 492 million for the first quarter ended 31 March, 2013, increased by Rs 879 million against the corresponding period. Company's earnings per share at March 31, 2013 stand at Rs 0.53 against loss per share of Rs 0.41 in the corresponding period.

The overall PMP plant performance remained satisfactory for the year 2012. PMP produced 354 thousand tonnes of P_2O_5 out of which 286 thousand tonnes was exported to FFBL. PMP reported a loss of MAD 84 million for the year ended December 31, 2012. The main reason for financial loss is higher international prices of sulphur.

Consistent gas supply is still a challenge for fertilizer sector in the days to come. FFBL is in close coordination with Ministry of Petroleum and SSGC for improvement of gas supply.

For and on behalf of the Board



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

Rawalpindi
12 April 2013

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2013

		Un - audited March 31, 2013	Audited December 31, 2012
	Note	(Rupees '000)	
EQUITY AND LIABILITIES			
ISSUED SHARE CAPITAL AND RESERVES			
Share capital		9,341,100	9,341,100
Capital reserve		228,350	228,350
Statutory reserve		6,380	6,380
Translation reserve		893,969	712,205
Accumulated profit		733,106	2,342,794
		11,202,905	12,630,829
NON - CURRENT LIABILITIES			
Long term loan and deferred Government assistance	5	1,232,320	1,232,320
Deferred liabilities	6	3,616,651	3,672,639
		4,848,971	4,904,959
CURRENT LIABILITIES			
Trade and other payables		11,209,932	11,176,011
Mark - up accrued		169,077	280,606
Short term borrowings		12,365,112	9,216,660
Current portion of long term loan	5	2,008,682	2,008,682
Provision for income tax - net		396,878	485,864
		26,149,681	23,167,823
		42,201,557	40,703,611
CONTINGENCIES AND COMMITMENTS			
	7		

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

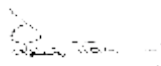
		Un - audited March 31, 2013	Audited December 31, 2012
	Note	(Rupees '000)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	8	13,689,552	13,832,122
Long term investments - under equity method		5,072,262	3,527,062
Long term deposits		76,312	76,312
		18,838,126	17,435,496
CURRENT ASSETS			
Stores and spares		1,996,525	2,011,482
Stock in trade		8,376,909	4,876,305
Trade debts		653,926	2,469,075
Advances		639,324	448,063
Trade deposits and short term prepayments		113,398	23,641
Interest accrued		23,194	39,317
Other receivables		2,100,495	2,994,808
Sales tax refundable		66,457	66,457
Short term investments		1,680,000	1,550,000
Cash and bank balances		7,713,203	8,788,967
		23,363,431	23,268,115
		42,201,557	40,703,611



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013

		2013	2012
	Note	(Rupees '000)	
Sales - net		7,694,498	1,934,303
Cost of sales	9	(6,046,534)	(2,199,474)
Gross profit / (loss)		1,647,964	(265,171)
Selling and distribution expenses		(521,896)	(187,877)
Administrative expenses		(182,758)	(154,493)
		943,310	(607,541)
Finance costs		(265,563)	(306,280)
Other operating expenses		(58,828)	(745)
		618,919	(914,566)
Other operating income			
Share of (loss) / profit of joint venture and associates - net		(48,239)	192,334
Others		176,526	319,915
		128,287	512,249
Profit / (loss) before taxation		747,206	(402,317)
Taxation		(255,146)	15,288
Profit / (loss) after taxation		492,060	(387,029)
Earnings / (loss) per share - basic and diluted (Rupees)		0.53	(0.41)

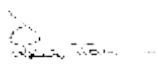
The annexed notes 1 to 12 form an integral part of this condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013

	2013	2012
	(Rupees '000)	
Profit / (loss) after taxation	492,060	(387,029)
Exchange difference on translating a joint venture	181,764	(30,122)
Total comprehensive income / (loss)	673,824	(417,151)

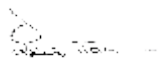
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CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2013

		2013	2012
	Note	(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	10	(727,764)	(6,253,672)
Income tax paid		(414,718)	(370,183)
Finance cost paid		(329,664)	(224,492)
Compensated absences paid		(6,096)	(3,315)
Payment to Workers' (Profit) Participation Fund		(17,042)	(18,162)
Net cash used in operating activities		(1,495,284)	(6,869,824)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(216,732)	(507,827)
Long term investments		(1,411,675)	(59,064)
Sale proceeds of property, plant and equipment		4,140	652
Short term investments		69,562	7,801,165
Profit received on bank balances and term deposits		117,471	115,950
Net cash (used in) / generated from investing activities		(1,437,234)	7,350,876
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		5,300,000	2,012,000
Dividend paid		(1,161,698)	(1,806,269)
Net cash generated from financing activities		4,138,302	205,731
Net increase in cash and cash equivalents		1,205,784	686,783
Cash and cash equivalents at the beginning of the quarter		4,717,307	5,553,219
Cash and cash equivalents at the end of the quarter		5,923,091	6,240,002
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprises the following balance sheet amounts:			
- Cash and bank balances		7,713,203	5,329,220
- Short term highly liquid investments		1,680,000	1,550,000
- Short term borrowings		(3,470,112)	(639,218)
		5,923,091	6,240,002

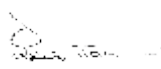
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CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013

		Reserves				
	Share capital	Capital reserve	Statutory reserve	Translation reserve	Accumulated profit / (loss)	Total
	(Rupees '000)					
Balance as at January 01, 2012	9,341,100	228,350	6,380	684,073	3,375,779	13,635,682
Total comprehensive loss						
Loss for the period after taxation	-	-	-	-	(387,029)	(387,029)
Other comprehensive loss for the period	-	-	-	(30,122)	-	(30,122)
Total comprehensive loss for the period	-	-	-	(30,122)	(387,029)	(417,151)
Transactions with owners, recorded directly in equity						
Distributions to owners						
Final dividend 2011 (Rs. 3.50 per ordinary share)	-	-	-	-	(3,269,384)	(3,269,384)
Total transactions with owners	-	-	-	-	(3,269,384)	(3,269,384)
Balance as at March 31, 2012	9,341,100	228,350	6,380	653,951	(280,634)	9,949,147
Balance as at January 01, 2013	9,341,100	228,350	6,380	712,205	2,342,794	12,630,829
Total comprehensive income						
Profit for the period after taxation	-	-	-	-	492,060	492,060
Other comprehensive income for the period	-	-	-	181,764	-	181,764
Total comprehensive income for the period	-	-	-	181,764	492,060	673,824
Transactions with owners, recorded directly in equity						
Distributions to owners						
Final dividend 2012 (Rs. 2.25 per ordinary share)	-	-	-	-	(2,101,748)	(2,101,748)
Total transactions with owners	-	-	-	-	(2,101,748)	(2,101,748)
Balance as at March 31, 2013	9,341,100	228,350	6,380	893,969	733,106	11,202,905

The annexed notes 1 to 12 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 QUARTER ENDED MARCH 31, 2013

1. Fauji Fertilizer Bin Qasim Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984, and its shares are quoted on the Karachi, Lahore and Islamabad stock exchanges in Pakistan. The registered office of the Company is situated at Rawalpindi, Pakistan. The Company is domiciled in Rawalpindi, Pakistan. The principal objective of the Company is manufacturing, purchasing and marketing of fertilizers. The Company commenced its commercial production effective January 1, 2000. The Company is a subsidiary of Fauji Fertilizer Company Limited (the holding company) with shareholding of 50.88%.
2. This condensed interim financial information of the Company for the quarter ended March 31, 2013 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 for the year ended December 31, 2012. Comparative balance sheet is extracted from annual financial statements as of December 31, 2012 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 quarter ended March 31, 2012.

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 method of computation adopted for the preparation of this condensed interim financial information is same as those applied in preparation of financial statements for the preceding year ended December 31, 2012. The company is working on revised IAS 19 Employees Benefits (amended 2011) and changes will be incorporated accordingly.
4. Status of significant shareholding as at March 31, 2013 is given below:

	Shares	Percentage
Fauji Fertilizer Company Limited	475,232,996	50.88
Fauji Foundation	161,501,286	17.29
	Un - audited March 31, 2013	Audited December 31, 2012
	(Rupees '000)	

5. LONG TERM LOAN AND DEFERRED GOVERNMENT ASSISTANCE

Government of Pakistan (GoP) loan	3,065,986	3,065,986
Less: Current portion shown under current liabilities	2,008,682	2,008,682
	1,057,304	1,057,304
Deferred Government assistance	175,016	175,016
	<u>1,232,320</u>	<u>1,232,320</u>

		Un - audited March 31, 2013	Audited December 31, 2012
	Note	(Rupees '000)	
6. DEFERRED LIABILITIES			
Compensated leave absences		241,967	227,369
Deferred tax	6.1	3,374,684	3,445,270
		<u>3,616,651</u>	<u>3,672,639</u>
6.1 The balance of deferred tax is in respect of the following major temporary differences:			
Accelerated depreciation		3,452,231	3,523,482
Provision against doubtful receivables		(18,734)	(18,734)
Share of loss of associates		(871)	(1,536)
Provision for inventory obsolescence		(57,942)	(57,942)
		<u>3,374,684</u>	<u>3,445,270</u>
7. CONTINGENCIES AND COMMITMENTS			
Contingencies			
i) Indemnity bonds and undertakings given to the customs authorities for the machinery imported by the Company for installation at plant site.		119,650	119,650
ii) Guarantees issued by banks on behalf of the Company.		132,961	132,820
iii) Company's share of contingent liabilities of Fauji Cement Company Limited as at December 31, 2012.		20,989	20,989
iv) Company's share of contingent liabilities of Foundation Wind Energy - I Limited as at December 31, 2012.		4,235	4,375
v) Company's share of contingent liabilities of Foundation Wind Energy - II (Pvt) Limited as at December 31, 2012.		4,200	4,130
Commitments			
i) Capital expenditure - contracted.		714,643	648,675
ii) Letters of credit for purchase of stores, spares and raw materials.		1,810,035	1,063,207
iii) Commitments with Fauji Foundation for investment in wind power projects.		3,571,690	3,983,365
iv) Company's share of commitments for equity investment in Askari Bank Limited as at March 31, 2013.		4,000,000	5,000,000
v) Company's share of commitments of PMP as at December 31, 2012.		34,081	13,464
8. PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		13,832,122	14,456,568
Additions		216,732	851,076
Disposals		(4,660)	(37,343)
Adjustments - net		-	(96,705)
Depreciation		(358,696)	(1,371,669)
Depreciation on disposed off items		4,054	30,195
Closing written down value		<u>13,689,552</u>	<u>13,832,122</u>

For the quarter ended March 31,

	2013	2012
	(Rupees '000)	
9. COST OF SALES		
Raw materials consumed	6,579,592	4,553,018
Packing materials consumed	116,409	50,311
Fuel and power	501,062	337,245
Chemicals and supplies consumed	52,587	32,381
Salaries, wages and benefits	408,666	322,247
Rent, rates and taxes	5,916	1,842
Insurance	29,040	25,922
Travel and conveyance	25,302	30,285
Repairs and maintenance	467,724	439,236
Communication, establishment and others	44,773	17,363
Depreciation	352,835	328,753
Opening stock - work in process	13,615	40,956
Closing stock - work in process	(57,682)	(32,204)
Cost of goods manufactured	8,539,839	6,147,355
Opening stock - finished goods	1,993,998	337,218
Closing stock - finished goods	(4,487,303)	(4,285,099)
Cost of sales	<u>6,046,534</u>	<u>2,199,474</u>

For the quarter ended March 31,

2013 2012
(Rupees '000)

10. CASH GENERATED FROM OPERATIONS

Profit / (loss) from ordinary activities before taxation	747,206	(402,317)
Adjustment for:		
Provision for gratuity	14,757	13,206
Exchange losses	47,210	35,522
Provision for compensated absences	20,694	-
Provision for Workers' (Profit) Participation Fund	40,285	-
Provision for Workers' Welfare Fund	18,213	-
Depreciation	358,696	333,990
Finance cost	218,353	270,757
Profit on bank balances and term deposits	(101,347)	(104,197)
Share of loss / (profit) of joint venture and associates	48,239	(192,334)
Gain on sale of investments	(69,562)	(212,928)
(Gain) / loss on sale of property, plant and equipment	(3,534)	298
Operating profit / (loss) before working capital changes	<u>1,339,210</u>	<u>(258,003)</u>
Changes in working capital		
Stores and spares	14,957	(22,115)
Stock in trade	(3,500,604)	(2,160,319)
Trade debts	1,815,149	274,411
Advances	(191,261)	(211,338)
Trade deposits and short term prepayments	(89,757)	(79,894)
Other receivables	894,313	1,544,286
Sales tax receivable	-	(604,885)
Trade and other payables	(1,009,771)	(4,735,815)
	<u>(2,066,974)</u>	<u>(5,995,669)</u>
Cash used in operations	<u>(727,764)</u>	<u>(6,253,672)</u>

For the quarter ended March 31,

	2013	2012
	(Rupees '000)	
11. RELATED PARTY TRANSACTIONS		
Transactions with the holding company		
Services and material acquired	98,748	19,493
Services and material provided	5,933	-
Commission charged to the Company	2,904	631
Dividend paid	1,069,274	1,663,315
Balance receivable - unsecured	2,063,406	2,969,967*
Transactions with associated undertakings due to common directorship		
Rent charged to the Company	300	286
Dividend paid	363,378	565,255
Investment	1,411,675	59,064
Transactions with joint venture company		
Purchase of raw materials	6,292,881	1,806,736
Expenses incurred on behalf of joint venture company	5,517	8,089
Balance payable - secured	5,534,184	5,758,636*
Balance receivable - unsecured	20,493	22,733*
Other related parties		
Contribution to Provident Fund	11,480	10,626
Contribution to Gratuity Fund	14,757	13,206
Remuneration including benefits and perquisites of Chief Executive Officer and executives.		
No of persons 2013 : 1 and 262. (2012 : 1 and 253)	437,361	386,391
Payment to Workers' (Profit) Participation Fund	17,042	18,162
Balance payable - unsecured	829,473	787,799*
Payable to Gratuity Fund	66,058	51,301*

* Balance of accounts appearing as comparatives are as at December 31, 2012.

12. GENERAL

12.1 Figures have been rounded off to the nearest thousand rupees.

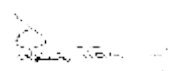
12.2 This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on April 12, 2013.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



73-Harley Street, Rawalpindi.
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