



Annual Financial
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

Tel: (051) 9272196-97, 9270923

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Website: <http://www.ffbl.com>

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
Fax: (042) 35869037



FFBL
Fauji Fertilizer Bin Qasim Limited

Directors' Review

For the Half Year Ended 30 June, 2013

The Board of Directors is pleased to present a brief overview of the operational and financial performance of the Company for the half year ended 30 June, 2013.

By the grace of Almighty, the overall performance of the plants remained satisfactory during the period except for the gas curtailment, which overall affected the production of Ammonia and Urea. Gas curtailment remained 33% in the first half of the year against the 36% in the corresponding period. Ammonia and Urea plants remained shutdown for 38 days and 88 days respectively due to gas curtailment during the period. Production of Ammonia, Urea and DAP was 148 thousand tonnes, 116 thousand tonnes and 347 thousand tonnes respectively.

Year 2013 started off with very high industry Urea inventory of 434 thousand tonnes which was the highest opening inventory level during last 29 years. Domestic Urea market is estimated to decrease by 2% during Jan-Jun 2013 as compared to the same period of 2012. Estimated industry Urea production is 2,207 thousand tonnes during Jan-Jun 2013, whereas production during the same period last year was 2,147 thousand tonnes. Urea imports during Jan-Jun 2013 are estimated to be 240 thousand tonnes which are substantially lower than the imports of 647 thousand tonnes during the same period of 2012. Sales are estimated at 2,706 thousand tonnes; 2% lower than 2,748 thousand tonnes sales of Jan-Jun 2012. Urea inventory is estimated at 166 thousand tonnes at the end of June 2013, which is 59% lower as compared to the closing inventory of 407 thousand tonnes at the end of same period last year.

Industry DAP opening inventory at start of 2013 was 157 thousand tonnes, 71% higher as compared to the opening inventory of 2012. Domestic DAP market during Jan-Jun 2013 is estimated at 426 thousand tonnes, 63% higher than 261 thousand tonnes sales of Jan-Jun 2012. DAP imports during Jan-Jun 2013 are estimated to be 147 thousand tonnes; 13% lower than 169 thousand tonnes imports of same period last year while closing inventory at the end of June 2013 is estimated at 223 thousand tonnes, 16% lower as compared to 264 thousand

tonnes closing inventory of June 2012.

FFBL Sona Urea (G) estimated sales during Jan-Jun 2013 are 117 thousand tonnes, lower by 16% as compared to 140 thousand tonnes sales during the same period of 2012 due to production constraint. Sona DAP estimated sales during the Jan-Jun 2013 are 256 thousand tonnes, higher by 133% as compared to 110 thousand tonnes sales during the same period of 2012.

During Jan-Jun 2013, FFBL share in Urea and DAP market is estimated to be 4.3% and 60.1% respectively.

FFBL financial results have shown improvement during the period Jan-Jun 2013 as compared with corresponding period owing to higher sales. The Company earned a gross profit of Rs 5,262 million as compared to gross profit of Rs 2,432 million in the corresponding period.

Net profit after tax, as a result of the above stated factors stood at Rs 1,817 million for the half year ended June 30, 2013, increased by Rs 1,173 million against the corresponding period. Company's earnings per share as at June 30, 2013 stand at Rs 1.95 against earnings per share of Rs 0.69 in the corresponding period.

The overall performance of PMP plant remained satisfactory for the period Jan-Jun 2013. PMP produced 181 thousand tonnes of P_2O_5 out of which 162 thousand tonnes was exported to FFBL. PMP reported a loss of MAD 28 million for the first quarter ended March 31, 2013. The main reason for financial loss is higher international prices of sulphur.

As a part of its business expansion and diversification, FFBL proceeded to its commitment for investment in Askari Bank Limited and purchased 175 million shares at the cost of Rs 4,266 million. FFBL will hold 21.57% shares in Askari Bank Limited.

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
25 July 2013

Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Fauji Fertilizer Bin Qasim Limited ("the Company") as at June 30, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (condensed interim financial information). Management is responsible for the preparation and presentation of this condensed 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 condensed 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 condensed interim financial information 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, 2013 and 2012 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Islamabad
25 July 2013

KMPG Taseer Hadi & Co.
Chartered Accountants
Riaz Pesnani



FFBL
Fauji Fertilizer Bin Qasim Limited

CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2013

		Restated		
		Un - audited June 30, 2013	Audited December 31, 2012	Audited January 01, 2012
	Note		(Rupees '000)	
EQUITY AND LIABILITIES				
ISSUED SHARE CAPITAL AND RESERVES				
Share capital		9,341,100	9,341,100	9,341,100
Capital reserve		228,350	228,350	228,350
Statutory reserve		6,380	6,380	6,380
Translation reserve		771,243	712,205	684,073
Accumulated profit		1,956,690	2,270,219	3,312,012
		12,303,763	12,558,254	13,571,915
NON - CURRENT LIABILITIES				
Long term loan and deferred Government assistance	5	584,119	1,232,320	3,241,002
Deferred liabilities	6	3,575,072	3,672,639	3,640,142
		4,159,191	4,904,959	6,881,144
CURRENT LIABILITIES				
Trade and other payables		6,746,872	11,248,586	10,735,167
Mark - up accrued		386,663	280,606	204,389
Short term borrowings	7	14,725,968	9,216,660	7,476,144
Current portion of long term loan	5	2,008,682	2,008,682	648,201
Provision for income tax - net		783,579	485,864	659,304
		24,651,764	23,240,398	19,723,205
		41,114,718	40,703,611	40,176,264

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

		Un - audited June 30, 2013	Restated	
			Audited December 31, 2012	Audited January 01, 2012
	Note		(Rupees '000)	
ASSETS				
NON - CURRENT ASSETS				
Property, plant and equipment	9	13,522,491	13,832,122	14,456,568
Long term investments	10	8,143,440	3,527,062	2,710,837
Long term deposits		78,643	76,312	76,312
		21,744,574	17,435,496	17,243,717
CURRENT ASSETS				
Stores and spares		2,036,372	2,011,482	1,905,738
Stock in trade	11	7,730,711	4,876,305	3,406,993
Trade debts		869,314	2,469,075	646,516
Advances		704,704	448,063	440,050
Trade deposits and short term prepayments		65,131	23,641	12,920
Interest accrued		32,110	39,317	51,041
Other receivables		1,889,054	2,994,808	2,180,232
Sales tax refundable		66,457	66,457	66,457
Short term investments	12	2,445,000	1,550,000	8,838,237
Cash and bank balances		3,531,291	8,788,967	5,384,363
		19,370,144	23,268,115	22,932,547
		41,114,718	40,703,611	40,176,264

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR



FFBL
Fauji Fertilizer Bin Qasim Limited

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2013**

	Note	Quarter ended June 30,		Half year ended June 30,	
		2013	2012	2013	2012
		(Rupees '000)		(Rupees '000)	
Sales - net		12,448,128	9,356,729	20,142,626	11,291,032
Cost of sales	13	(8,834,398)	(6,659,449)	(14,880,932)	(8,858,923)
Gross profit		3,613,730	2,697,280	5,261,694	2,432,109
Selling and distribution expenses		(897,855)	(793,178)	(1,419,751)	(981,055)
Administrative expenses		(256,868)	(141,027)	(439,626)	(295,520)
		2,459,007	1,763,075	3,402,317	1,155,534
Finance costs		(358,215)	(603,604)	(623,778)	(909,884)
Other operating expenses		(156,655)	(55,191)	(215,483)	(55,936)
		1,944,137	1,104,280	2,563,056	189,714
Other operating income					
Share of (loss) / profit of joint venture and associates - net		(72,315)	(122,490)	(120,554)	69,844
Others		181,416	204,234	357,942	524,149
		109,101	81,744	237,388	593,993
Profit before taxation		2,053,238	1,186,024	2,800,444	783,707
Taxation					
Current		(785,784)	(228,716)	(1,111,517)	(228,716)
Deferred		57,830	73,581	128,417	88,869
		(727,954)	(155,135)	(983,100)	(139,847)
Profit after taxation		1,325,284	1,030,889	1,817,344	643,860
Earnings per share - basic and diluted (Rupees)		1.42	1.10	1.95	0.69

The annexed notes 1 to 16 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, 2013

	Quarter ended June 30,		Half year ended June 30,	
	2013	2012	2013	2012
	(Rupees '000)		(Rupees '000)	
Profit after taxation	1,325,284	1,030,889	1,817,344	643,860
Other comprehensive income				
Exchange difference on translating a joint venture	(122,726)	52,074	59,038	21,952
Changes in accounting policy for recognition of actuarial gains and losses	(29,125)	-	(29,125)	-
Total comprehensive income	1,173,433	1,082,963	1,847,257	665,812

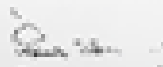
The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



FFBL
Fauji Fertilizer Bin Qasim Limited

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	14	(1,114,268)	(7,520,982)
Income tax paid		(813,801)	(915,804)
Finance cost paid		(446,422)	(645,132)
Compensated absences paid		(11,292)	(10,027)
Payment to Workers' (Profit) Participation Fund		(17,042)	(18,162)
Net cash used in operating activities		(2,402,825)	(9,110,107)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(394,001)	(398,248)
Proceeds from sale of property, plant and equipment		6,550	2,882
Long term deposits		(2,331)	-
Long term investments		(4,677,894)	(781,350)
Short term investments		80,176	7,901,319
Profit received on bank balances and term deposits		272,035	215,472
Net cash (used in) / generated from investing activities		(4,715,465)	6,940,075
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan - repayment		(648,201)	(648,201)
Short term borrowings - net		6,300,000	5,162,000
Dividend paid		(2,105,493)	(3,563,917)
Net cash generated from financing activities		3,546,306	949,882
Net decrease in cash and cash equivalents		(3,571,984)	(1,220,150)
Cash and cash equivalents at beginning of the period		4,717,307	5,553,219
Cash and cash equivalents at end of the period		1,145,323	4,333,069
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprises the following balance sheet amounts:			
- Cash and bank balances		3,531,291	4,923,372
- Short term highly liquid investments		2,445,000	1,600,000
- Short term running finance		(4,830,968)	(2,190,303)
		1,145,323	4,333,069

The annexed notes 1 to 16 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, 2013

	Share capital	Capital reserve	Reserves		Accumulated profit	Total
			Statutory reserve	Translation reserve		
			(Rupees '000)			
Balance as at January 01, 2012	9,341,100	228,350	6,380	684,073	3,375,779	13,635,682
Changes in accounting policy for recognition of actuarial gains and losses	-	-	-	-	(63,767)	(63,767)
Balance as at January 01, 2012 - as restated	9,341,100	228,350	6,380	684,073	3,312,012	13,571,915
Total comprehensive income						
Profit for the period after taxation	-	-	-	-	643,860	643,860
Other comprehensive income for the period	-	-	-	21,952	-	21,952
Total comprehensive income for the period	-	-	-	21,952	643,860	665,812
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 June 30, 2012	9,341,100	228,350	6,380	706,025	686,488	10,968,343
Balance as at January 01, 2013	9,341,100	228,350	6,380	712,205	2,342,794	12,630,829
Changes in accounting policy for recognition of actuarial gains and losses	-	-	-	-	(72,575)	(72,575)
Balance as at January 01, 2013 - as restated	9,341,100	228,350	6,380	712,205	2,270,219	12,558,254
Total comprehensive income						
Profit for the period after taxation	-	-	-	-	1,817,344	1,817,344
Changes in accounting policy for recognition of actuarial gains and losses	-	-	-	-	(29,125)	(29,125)
Other comprehensive income for the period	-	-	-	59,038	-	59,038
Total comprehensive income for the period	-	-	-	59,038	1,788,219	1,847,257
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 June 30, 2013	9,341,100	228,350	6,380	771,243	1,956,690	12,303,763

The annexed notes 1 to 16 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, 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 six months period ended June 30, 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 of the Company for the six months period ended June 30, 2012.

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. IAS 19 (as revised in June 2011) "Employees Benefits" became effective for annual periods beginning on or after January 01, 2013. The amendments to IAS 19 change accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. The amendments require the recognition of changes in defined benefit obligation and fair value of plan assets when they occur, and hence eliminate 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income. Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net-interest' amount under IAS 19 (as revised in June 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (as revised in June 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

The Company has applied IAS 19 (as revised in June 2011) retrospectively in accordance with requirements of IAS 8. Accordingly, opening balance sheet of the earliest comparative period presented (January 01, 2012) has been restated.

Cumulative effect upto December 31, 2012	Effect for the year ended December 31, 2012	Cumulative effect upto January 1, 2012
Rupees '000		

Condensed interim Balance sheet

Decrease in accumulated profit

- Actuarial loss on retirement benefit plans	(72,575)	(8,808)	(63,767)
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Increase in trade and other payables

- Payable to retirement benefit fund	72,575	8,808	63,767
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The effect on the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the six months period ended June 30, 2012 has not been disclosed separately since the actuarial valuation is carried out on annual basis. There is no impact on condensed interim statement of cash flows.

4. Status of significant shareholding as at June 30, 2013 is given below:

	Shares	Percentage
Fauji Fertilizer Company Limited	475,232,996	50.88
Fauji Foundation	161,501,286	17.29

		Un - audited June 30, 2013	Audited December 31, 2012
	Note	(Rupees '000)	
5. LONG TERM LOAN AND DEFERRED GOVERNMENT ASSISTANCE			
Government of Pakistan (GoP) loan		2,476,467	3,065,986
Less: Current portion shown under current liabilities	5.1	2,008,682	2,008,682
		467,785	1,057,304
Deferred Government assistance		116,334	175,016
		584,119	1,232,320
5.1	This includes a provisional amount of Rs. 1,360,481 thousand payable as prepayment of GoP loan on the basis of excess cash determination mechanism as per GoP letter dated May 10, 2002. The Company is in the process of finalizing the determination with GoP.		
6. DEFERRED LIABILITIES			
Compensated leave absences		258,219	227,369
Deferred tax	6.1	3,316,853	3,445,270
		3,575,072	3,672,639
6.1	The balance of deferred tax is in respect of the following major temporary differences:		
Accelerated depreciation		3,375,026	3,523,482
Provision against doubtful advances		-	(18,734)
Share of loss of associates - net		(231)	(1,536)
Provision for inventory obsolescence		(57,942)	(57,942)
		3,316,853	3,445,270
7. SHORT TERM BORROWINGS - SECURED			
The Company has short term running finance and demand finance facilities limits aggregating Rs. 20,205,000 thousand (2012: Rs. 23,205,000 thousand). These are secured against hypothecation charge over stocks and current assets of the Company and carry mark up ranging between 9.46% to 11.91% per annum (2012: 9.43% to 10.67% per annum).			
8. CONTINGENCIES AND COMMITMENTS			
Contingencies			
i)	Indemnity bonds and undertakings given to the customs authorities for machinery imported by the Company for installation at plant site	119,650	119,650
ii)	Guarantees issued by banks on behalf of the Company	28,254	132,820
iii)	Company's share of contingent liabilities of Fauji Cement Company Limited as at March 31, 2013	20,989	20,989
iv)	Company's share of contingent liabilities of Foundation Wind Energy - I Limited as at March 31, 2013	8,645	4,375
v)	Company's share of contingent liabilities of Foundation Wind Energy - II (Pvt) Limited as at March 31, 2013	8,645	4,130
Commitments			
i)	Capital expenditure - contracted	706,474	648,675
ii)	Letters of credit for purchase of raw materials and stores and spares	1,847,347	1,063,207
iii)	Commitments with Fauji Foundation for investment in wind projects	3,571,690	3,983,365
iv)	Company's share of commitments of Pakistan Maroc Phosphore S.A, Morocco (PMP) as at March 31, 2013	30,065	13,464



		Un - audited June 30, 2013	Audited December 31, 2012
	Note	(Rupees '000)	
9. PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		13,832,122	14,456,568
Additions	9.1	394,001	851,076
Disposals		(7,496)	(37,343)
Adjustments - net		-	(96,705)
Depreciation	9.1	(702,526)	(1,371,669)
Depreciation on disposed off items		6,390	30,195
Closing written down value		<u>13,522,491</u>	<u>13,832,122</u>

9.1 Additions and depreciation in property, plant and equipment during the six months period ended June 30, 2012 were Rs. 398,248 thousand and Rs. 670,954 thousand respectively.

10. LONG TERM INVESTMENTS

Investment in joint venture - equity method

Pakistan Maroc Phosphore S.A, Morocco (PMP)

Balance brought forward		2,225,794	2,155,216
Share of (loss) / profit		(133,598)	42,446
Gain on translation of net assets		59,038	28,132
Closing balance		2,151,234	2,225,794

Investment in associates - equity method

Fauji Cement Company Limited (FCCL)

Balance brought forward		351,588	342,866
Share of profit		15,757	8,722
Closing balance	10.1	367,345	351,588

Foundation Wind Energy-I Limited

Opening balance		329,390	119,409
Advance paid during the period / year against issue of shares		375,550	233,664
Share of loss		(1,990)	(23,683)
Closing balance		702,950	329,390

Foundation Wind Energy-II (Pvt) Limited

Opening balance		620,290	93,346
Advance paid during the period / year against issue of shares		36,125	547,686
Share of loss		(723)	(20,742)
Closing balance		655,692	620,290

Askari Bank Limited

	10.2	4,266,219	-
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Investment - available for sale - unquoted

Arabian Sea Country Club Limited		3,000	3,000
Less: Impairment in value of investment		(3,000)	(3,000)
		-	-
		<u>8,143,440</u>	<u>3,527,062</u>

10.1 Fair value of the investment in FCCL as at June 30, 2013 was Rs. 249.188 million (December 31, 2012: Rs. 122.625 million).

10.2 The Company purchased 175,409,041 shares of Askari Bank Limited during the period. Out of these shares, 175,021,523 shares were transferred in the name of the Company in last week of June 2013. Remaining 387,518 shares are in process for transfer into the Company's name.

11. STOCK IN TRADE

This mainly includes stock of DAP held at the period end and is expected to be sold during upcoming Rabi season.

12. SHORT TERM INVESTMENTS

Balance at the period end represents investment in term deposit receipts of various banks having maturity period upto 6 months carrying mark up between 7.8% to 10% per annum (2012: 9% to 10.5% per annum).

13. COST OF SALES

	Un - audited Quarter ended June 30,		Un - audited Half year ended June 30,	
	2013	2012	2013	2012
	(Rupees '000)		(Rupees '000)	
Raw materials consumed	8,549,147	8,743,558	15,128,739	13,296,576
Packing materials consumed	154,596	172,408	271,005	222,719
Fuel and power	616,671	686,251	1,117,733	1,023,496
Chemicals and supplies consumed	77,046	40,887	129,633	73,268
Salaries, wages and benefits	315,769	122,182	724,435	444,429
Rent, rates and taxes	5,838	2,890	11,754	4,732
Insurance	24,589	25,101	53,629	51,023
Travel and conveyance	36,556	43,276	61,858	73,561
Repairs and maintenance	117,502	147,908	585,226	587,144
Communication, establishment and others	33,693	26,087	78,466	43,450
Depreciation	337,085	331,605	689,920	660,358
Opening stock - work in process	57,682	32,204	13,615	40,956
Closing stock - work in process	(50,980)	(61,033)	(50,980)	(61,033)
Cost of goods manufactured	10,275,194	10,313,324	18,815,033	16,460,679
Opening stock - finished goods	4,487,303	4,285,099	1,993,998	337,218
Closing stock - finished goods	(5,928,099)	(7,938,974)	(5,928,099)	(7,938,974)
Cost of sales	8,834,398	6,659,449	14,880,932	8,858,923



Un - audited
Half year ended June 30,

2013 2012
(Rupees '000)

14. CASH USED IN OPERATIONS

Profit before taxation	2,800,444	783,707
Adjustment for:		
Provision for gratuity	25,481	26,458
Exchange losses	71,081	269,025
Provision for compensated absences	42,142	-
Provision for Workers' (Profit) Participation Fund	150,764	41,920
Provision for Workers' Welfare Fund	64,065	12,773
Depreciation	702,526	670,954
Finance cost	552,697	640,859
Profit on bank balances and term deposits	(264,829)	(193,835)
Share of loss / (profit) of joint venture and associates - net	120,554	(69,844)
Gain on sale of investments	(80,176)	(313,081)
Gain on sale of property, plant and equipment	(5,444)	(344)
Operating profit before working capital changes	4,179,305	1,868,592
Changes in working capital		
Stores and spares	(24,890)	(30,727)
Stock in trade	(2,854,406)	(6,344,837)
Trade debts	1,599,760	(265,443)
Advances	(256,641)	96,281
Trade deposits and short term prepayments	(41,490)	(53,132)
Other receivables	1,105,753	415,221
Sales tax receivable	-	(766,555)
Trade and other payables	(4,821,659)	(2,440,382)
	(5,293,573)	(9,389,574)
Cash used in operations	(1,114,268)	(7,520,982)

15. RELATED PARTY TRANSACTIONS

Transactions with the holding company

Services and material acquired	351,105	185,770
Services and material provided	6,806	1,239
Commission charged to the Company	7,466	4,993
Dividend	1,069,274	1,663,315
Balance receivable (included in other receivables) - unsecured	1,848,058	2,969,967*

Transactions with associated undertakings due to common directorship

Rent charged to the Company	600	571
Dividend	363,378	565,255
Investment in wind power projects	411,675	781,350
Investment in Askari Bank Limited	4,266,219	-

Transactions with joint venture company

Purchase of raw materials	11,865,160	9,647,028
Expenses incurred on behalf of joint venture company	7,963	18,644
Balance payable (included in trade and other payables) - secured	2,736,951	5,758,636*
Balance receivable (included in other receivables) - unsecured	21,359	22,733*

Other related parties

Contribution booked towards Provident Fund	24,587	20,817
Contribution booked towards Gratuity Fund	25,481	26,458
Remuneration including benefits and perquisites of Chief Executive Officer and executives		
No of persons June 30, 2013 : 1 and 19 (June 30, 2012 : 1 and 17)	160,097	79,841
Payment to Workers' (Profit) Participation Fund	17,042	18,162
Balance payable - unsecured	985,804	787,799*
Payable to Gratuity Fund	178,482	51,301*

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

16. GENERAL

- 16.1** Figures have been rounded off to the nearest thousand rupees.
- 16.2** Corresponding figures have been re-arranged / restated, wherever necessary, for the purpose of comparison.
- 16.3** The Board of Directors in their meeting held on July 25, 2013 have proposed an interim dividend of Rs. 1.75 per ordinary share.
- 16.4** This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on July 25, 2013.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR





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