



FFBL
Fauji Fertilizer Bin Qasim Limited

Half Yearly **Report** 2014



Company Information

DIRECTORS

- Lt Gen Muhammad Mustafa Khan, HI(M), (Retd)
Chairman
- Lt Gen Muhammad Haroon Aslam, HI(M), SBT, (Retd)
Chief Executive & Managing Director
- Lt Gen Naeem Khalid Lodhi, HI(M), (Retd)
- Mr Qaiser Javed
- Dr Nadeem Inayat
- Maj Gen Syed Jamal Shahid, HI(M), (Retd)
- Maj Gen Nasir Mahmood, HI(M), (Retd)
- Maj Gen Muhammad Farooq Iqbal, HI(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

Fax: (051) 9272198-9

E-mail: secretary@ffbl.com

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

Directors' Review

For the Half Year Ended 30 June, 2014

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, 2014.

By the grace of Almighty, the overall performance of the plants remained satisfactory despite severe gas curtailment faced by FFBL during the period ended June 2014. The curtailment increased to 41% against the 33% in the corresponding period and adversely affected the overall operations of the plant. Ammonia, Urea and DAP plants remained closed for 49, 92 and 59 days respectively. Production of Ammonia at 128 thousand tonnes, Urea at 102 thousand tonnes and DAP at 297 thousand tonnes was lower by 20 thousand tonnes, 14 thousand tonnes and 50 thousand tonnes respectively, comparing with the corresponding period.

GoP had imposed GIDC effective from Jan 01, 2012 on Feed and Fuel gas. The rate of GIDC was increased from Jan 01, 2014. GIDC on Feed gas has been increased to Rs 300 per MMBTU from Rs 197 per MMBTU and Fuel gas to Rs 100 per MMBTU from Rs 50 per MMBTU. This has affected the profitability of the Company during the period as FFBL has not passed on its impact to the customers.

GoP has approved a subsidy on phosphatic and potash fertilizers and it is conveyed to industry in mid June 2014. The modalities to pass on this subsidy to farmers are under discussion between industry, GoP & Provincial Governments. However the news of this subsidy has halted the sales of DAP since announcement of subsidy.

FFBL Urea (G) sales during Jan-Jun 2014 were 102 thousand tonnes, showing a decrease of 12% as compared to 116 thousand tonnes sales of corresponding period of 2013 due to low production. Sona DAP sales during the period were 214 thousand tonnes, 17% lower than 256 thousand tonnes sales of Jan-Jun 2013.

Urea industry sales during Jan-Jun 2014 are estimated at 2,548 thousand tonnes showing a decline of 6% as compared to 2,710 thousand tonnes sales during the same period of 2013. DAP industry sales during Jan-Jun 2014 are estimated at 407 thousand tonnes, 4% lower than 423 thousand tonnes sales of 2013.

Urea imports during Jan-Jun 2014 were 425 thousand tonnes which are considerably higher than the imports of 240 thousand tonnes during Jan-Jun 2013.

During Jan-Jun 2014 FFBL share in Urea and DAP market is estimated to be 4% and 52.5% respectively.

FFBL financial results have shown decline during the period Jan-Jun 2014 as compared with corresponding period. The main reasons are increase in GIDC and gas curtailment which resulted in lower production and sales. The Company earned a gross profit of

Rs 3,217 million as compared to gross profit of Rs 5,262 million in the corresponding period.

Net profit after tax, as a result of above stated factors stood at Rs 802 million for the half year ended June 30, 2014, decreased by Rs 1,015 million against the corresponding period. Company's earnings per share as at June 30, 2014 stand at Rs 0.86 against earnings per share of Rs 1.95 in the corresponding period.

FFBL holds 21.57% shares of Askari Bank Limited (AKBL). The results of AKBL have shown improvement during the first quarter 2014. FFBL has incorporated its share of profit of Rs 224 million which has off set the previous loss of Rs 330 million.

The overall performance of PMP plant remained satisfactory for the period Jan-Jun 2014. PMP produced 179 thousand tonnes of P_2O_5 out of which 145 thousand tonnes was exported to FFBL. PMP reported a loss of MAD 53 million for the first quarter ended March 31, 2014. The main reason for financial loss is higher international prices of raw material i.e. mainly Sulphur and Phos rock.

Consistent gas supply continues to be a challenge for fertilizer sector for the foreseeable future. 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
22 July 2014

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 30 June 2014 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 months 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 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 30 June 2014 and 2013 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
22 July 2014

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Riaz Pesnani

CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2014

	Un - audited June 30, 2014	Audited December 31, 2013
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	901,087	1,041,870
Accumulated profit	1,870,869	3,170,674
	12,347,786	13,788,374

NON-CURRENT LIABILITIES

Long term loan and deferred Government assistance	5	-	584,119
Deferred liabilities	6	3,272,518	3,460,397
		3,272,518	4,044,516

CURRENT LIABILITIES

Trade and other payables		10,032,147	8,371,789
Mark - up accrued		285,758	236,052
Short term borrowings	7	15,219,443	7,985,128
Current portion of long term loan	5	1,944,600	2,008,682
Provision for income tax - net		339,332	727,582
		27,821,280	19,329,233
		43,441,584	37,162,123

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

	Un - audited June 30, 2014	Audited December 31, 2013
Note	(Rupees '000)	

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	9	12,683,820	13,059,509
Long term investments	10	10,282,950	9,864,133
Long term deposits		78,643	78,643
		23,045,413	23,002,285

CURRENT ASSETS

Stores and spares		2,120,028	2,107,493
Stock in trade		5,963,349	1,129,257
Trade debts		719,378	1,603,643
Advances		571,268	572,966
Trade deposits and short term prepayments		76,211	29,877
Interest accrued		13,823	19,729
Other receivables		1,512,653	705,513
Sales tax refundable		294,557	190,691
Short term investments	11	4,238,709	5,323,136
Cash and bank balances		4,886,195	2,477,533
		20,396,171	14,159,838

43,441,584

37,162,123



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, 2014

	Note	Quarter ended June 30,		Half year ended June 30,	
		2014	2013	2014	2013
		(Rupees '000)		(Rupees '000)	
Sales - net		9,708,406	12,448,128	15,748,982	20,142,626
Cost of sales	12	(7,321,327)	(8,834,398)	(12,531,876)	(14,880,932)
Gross profit		2,387,079	3,613,730	3,217,106	5,261,694
Selling and distribution expenses		(887,050)	(897,855)	(1,336,565)	(1,419,751)
Administrative expenses		(349,040)	(256,868)	(611,806)	(439,626)
		1,150,989	2,459,007	1,268,735	3,402,317
Finance costs		(355,119)	(358,215)	(397,258)	(623,778)
Other operating expenses		(71,457)	(156,655)	(83,322)	(215,483)
		724,413	1,944,137	788,155	2,563,056
Other income					
Share of profit / (loss) of joint venture and associates - net	10	56,724	(72,315)	(105,684)	(120,554)
Others		163,297	181,416	335,853	357,942
		220,021	109,101	230,169	237,388
Profit before taxation		944,434	2,053,238	1,018,324	2,800,444
Taxation					
Current		(461,434)	(785,784)	(461,434)	(1,111,517)
Deferred		271,011	57,830	245,053	128,417
		(190,423)	(727,954)	(216,381)	(983,100)
Profit after taxation		754,011	1,325,284	801,943	1,817,344
Earnings per share - basic and diluted (Rupees)		0.81	1.42	0.86	1.95

The annexed notes 1 to 15 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, 2014**

	Quarter ended June 30,		Half year ended June 30,	
	2014	2013	2014	2013
	(Rupees '000)		(Rupees '000)	
Profit after taxation	754,011	1,325,284	801,943	1,817,344
Other comprehensive income				
Exchange difference on translating a joint venture	(235,122)	(122,726)	(137,534)	59,038
Effect of translation - share of Askari Bank Limited under equity method	(2,931)	-	(3,249)	-
Changes in accounting policy for recognition of actuarial gains and losses	-	(29,125)	-	(29,125)
Total comprehensive income	515,958	<u>1,173,433</u>	661,160	<u>1,847,257</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

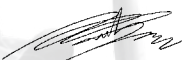


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Fauji Fertilizer Bin Qasim Limited

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	13	(836,537)	(1,114,268)
Income tax paid		(849,684)	(813,801)
Payment to Gratuity Fund		(51,301)	-
Finance cost paid		(507,229)	(446,422)
Compensated absences paid		(18,899)	(11,292)
Payment to Workers' (Profit) Participation Fund		(49,808)	(17,042)
Net cash used in operating activities		(2,313,458)	(2,402,825)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(317,382)	(394,001)
Proceeds from sale of property, plant and equipment		17,946	6,550
Long term deposits		-	(2,331)
Long term investments		(665,282)	(4,677,894)
Short term investments		451,827	80,176
Profit received on bank balances and term deposits		132,957	272,035
Net cash used in investing activities		(379,934)	(4,715,465)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan - repayment		(648,201)	(648,201)
Short term borrowings - net		(1,500,000)	6,300,000
Dividend paid		(2,284,060)	(2,105,493)
Net cash (used in) / generated from financing activities		(4,432,261)	3,546,306
Net decrease in cash and cash equivalents		(7,125,653)	(3,571,984)
Cash and cash equivalents at beginning of the period		3,042,405	4,717,307
Cash and cash equivalents at end of the period		(4,083,248)	1,145,323
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprises the following balance sheet amounts:			
- Cash and bank balances		4,886,195	3,531,291
- Short term highly liquid investments		400,000	2,445,000
- Short term running finance		(9,369,443)	(4,830,968)
		(4,083,248)	1,145,323

The annexed notes 1 to 15 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, 2014

	Share capital	Reserves			Accumulated profit	Total
		Capital reserve	Statutory reserve	Translation reserve		
	(Rupees '000)					
Balance as at January 01, 2013 - 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
Balance as at January 01, 2014	9,341,100	228,350	6,380	1,041,870	3,170,674	13,788,374
Total comprehensive income						
Profit for the period after taxation	-	-	-	-	801,943	801,943
Other comprehensive income for the period	-	-	-	(140,783)	-	(140,783)
Total comprehensive income for the period	-	-	-	(140,783)	801,943	661,160
Transactions with owners, recorded directly in equity						
Distributions to owners						
Final dividend 2013 (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, 2014	9,341,100	228,350	6,380	901,087	1,870,869	12,347,786

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


CHAIRMAN


CHIEF EXECUTIVE


DIRECTOR

 **FFBL**
Fauji Fertilizer Bin Qasim Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2014

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, 2014 has been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures in this condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended December 31, 2013. Comparative balance sheet is extracted from annual financial statements as of December 31, 2013 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, 2013.

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Islamabad, Karachi and Lahore Stock Exchanges.

3. The accounting policies 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, 2013.
4. Status of significant shareholding as at June 30, 2014 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, 2014	Audited December 31, 2013
	(Rupees '000)	

5. LONG TERM LOAN AND DEFERRED GOVERNMENT ASSISTANCE

Government of Pakistan (GoP) loan	1,906,395	2,514,867
Less: Current portion shown under current liabilities	1,944,600	2,008,682
	(38,205)	506,185
Deferred Government assistance	38,205	77,934
	-	584,119

		Un - audited June 30, 2014 (Rupees '000)	Audited December 31, 2013
	Note		
6. DEFERRED LIABILITIES			
Compensated leave absences		415,228	358,052
Deferred tax	6.1	2,857,290	3,102,345
		3,272,518	3,460,397
6.1 The balance of deferred tax is in respect of the following major temporary differences:			
Accelerated depreciation		2,918,196	3,155,906
Share of (loss) / profit of associates - net		(6,275)	2,726
Provision for inventory obsolescence		(54,631)	(56,287)
		2,857,290	3,102,345
7. SHORT TERM BORROWINGS - SECURED			
The Company has short term running finance and demand finance facilities limits aggregating Rs. 23,960,000 thousand (2013: Rs. 22,005,000 thousand). These are secured against hypothecation charge over stocks and current assets of the Company and carry mark up ranging between 10.24% to 11.08% per annum (2013: 9.20% to 11.19% 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		48,368	29,698
iii) Company's share of contingent liabilities of Fauji Cement Company Limited as at March 31, 2014		21,764	21,764
iv) Company's share of contingent liabilities of Foundation Wind Energy - I Limited as at March 31, 2014		68,609	69,619
v) Company's share of contingent liabilities of Foundation Wind Energy - II (Pvt) Limited as at March 31, 2014		59,964	60,975
vi) Company's share of contingent liabilities of Askari Bank Limited as at March 31, 2014		33,776,708	35,378,051
Commitments			
i) Capital expenditure - contracted		7,438,700	614,631
ii) Letters of credit for purchase of raw materials and stores and spares		2,600,183	1,759,208
iii) Commitments with Fauji Foundation for investment in wind projects		2,842,810	3,022,155
iv) Company's share of commitments of Pakistan Maroc Phosphore S.A, Morocco (PMP) as at March 31, 2014		101,551	271,442
9. PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		13,059,509	13,832,122
Additions	9.1	317,382	619,069
Disposals		(43,577)	(30,454)
Depreciation	9.1	(689,152)	(1,386,791)
Depreciation on disposed off items		39,658	25,563
Closing written down value		12,683,820	13,059,509
9.1 Additions and depreciation in property, plant and equipment during the six months period ended June 30, 2013 were Rs. 394,001 thousand and Rs. 702,526 thousand respectively.			

10. LONG TERM INVESTMENTS

Investment in joint venture - equity method

Pakistan Maroc Phosphore S.A, Morocco (PMP)

Balance brought forward

Share of loss

(Loss) / gain on translation of net assets

Closing balance

Investment in associates - equity method

Fauji Cement Company Limited (FCCL)

Balance brought forward

Share of profit

Dividend

Closing balance

Foundation Wind Energy-I Limited (FWE-I)

Opening balance

Advance paid during the period / year against issue of shares

Share of loss

Closing balance

Foundation Wind Energy-II (Pvt) Limited (FWE-II)

Opening balance

Advance paid during the period / year against issue of shares

Share of profit / (loss)

Closing balance

Askari Bank Limited (AKBL)

Opening balance

Share of (loss) / profit

Effect of translation

Closing balance

Investment in subsidiaries

Advance paid against issue of shares - Fauji Meat Limited (FML)

Advance paid against issue of shares - Fauji Foods Limited (FFL)

Closing balance

Investment - available for sale - unquoted

Arabian Sea Country Club Limited

Less: Impairment in value of investment

Note	Un - audited June 30, 2014 (Rupees '000)	Audited December 31, 2013
	2,346,725	2,225,794
	(15,388)	(205,972)
	(137,534)	326,903
	2,193,803	2,346,725
	358,313	351,588
	18,541	30,162
	(14,062)	(23,437)
10.1	362,792	358,313
	923,941	329,390
	83,120	603,664
	(5,155)	(9,113)
	1,001,906	923,941
	971,100	620,290
	96,226	357,546
	1,592	(6,736)
	1,068,918	971,100
	5,262,054	5,230,990
	(105,274)	28,302
	(3,249)	2,762
10.2	5,153,531	5,262,054
	501,000	1,000
	1,000	1,000
	502,000	2,000
	3,000	3,000
	(3,000)	(3,000)
	-	-
	10,282,950	9,864,133

10.1 Fair value of the investment in FCCL as at June 30, 2014 was Rs. 360.750 million (December 31, 2013: Rs. 299.063 million).

10.2 Market value of the investment in AKBL as at June 30, 2014 was Rs. 5,168.515 million (December 31, 2013: Rs. 3,806.376 million).

11. SHORT TERM INVESTMENTS

Balance at the period end includes investment in term deposit receipts of various banks having maturity period upto 3 months carrying mark up between 8.25% to 8.40% per annum (2013: 8.20% to 10.5% per annum).

	Un - audited Quarter ended June 30,		Un - audited Half year ended June 30,	
	2014	2013	2014	2013
	(Rupees '000)		(Rupees '000)	
12. COST OF SALES				
Raw materials consumed	8,374,541	8,549,147	12,353,278	15,128,739
Packing materials consumed	173,024	154,596	248,231	271,005
Fuel and power	756,635	616,671	1,203,133	1,117,733
Chemicals and supplies consumed	68,133	77,046	109,598	129,633
Salaries, wages and benefits	440,014	315,769	828,751	724,435
Rent, rates and taxes	58,697	5,838	64,370	11,754
Insurance	25,188	24,589	49,913	53,629
Travel and conveyance	36,387	36,556	73,921	61,858
Repairs and maintenance	132,831	117,502	480,085	585,226
Communication, establishment and others	48,087	33,693	79,449	78,466
Depreciation	334,692	337,085	669,786	689,920
Opening stock - work in process	81,039	57,682	26,936	13,615
Closing stock - work in process	(65,712)	(50,980)	(65,712)	(50,980)
Cost of goods manufactured	10,463,556	10,275,194	16,121,739	18,815,033
Opening stock - finished goods	995,230	4,487,303	547,596	1,993,998
Closing stock - finished goods	(4,137,459)	(5,928,099)	(4,137,459)	(5,928,099)
Cost of sales	7,321,327	8,834,398	12,531,876	14,880,932

Un - audited
Half year ended June 30,

2014 2013

(Rupees '000)

13. CASH USED IN OPERATIONS

Profit before taxation	1,018,324	2,800,444
Adjustment for:		
Provision for gratuity	35,774	25,481
Exchange (gain) / loss	(160,022)	71,081
Provision for compensated absences	76,075	42,142
Provision for Workers' (Profit) Participation Fund	55,040	150,764
Provision for Workers' Welfare Fund	27,439	64,065
Depreciation	689,152	702,526
Finance cost	557,280	552,697
Profit on bank balances and term deposits	(127,051)	(264,829)
Share of loss of joint venture and associates - net	105,684	120,554
Gain on sale of investments	(167,400)	(80,176)
Gain on sale of property, plant and equipment	(14,027)	(5,444)
Operating profit before working capital changes	2,096,268	4,179,305
Changes in working capital		
Stores and spares	(12,535)	(24,890)
Stock in trade	(4,834,092)	(2,854,406)
Trade debts	884,265	1,599,760
Advances	1,698	(256,641)
Trade deposits and short term prepayments	(46,334)	(41,490)
Other receivables	(807,140)	1,105,753
Sales tax receivable	(103,867)	-
Trade and other payables	1,985,200	(4,821,659)
	(2,932,805)	(5,293,573)
Cash used in operations	(836,537)	(1,114,268)

14. RELATED PARTY TRANSACTIONS

Transactions with the holding company

Services and material acquired	302,644	351,105
Services and material provided	-	6,806
Commission charged to the Company	6,316	7,466
Dividend paid	1,069,274	1,069,274
Balance receivable (included in other receivables) - unsecured	956,452	572,623 *

Transactions with subsidiary companies

Services provided	9,588	-
Investment in Fauji Meat Limited (FML)	500,000	-

Transactions with associated undertakings due to common directorship

Rent charged to the Company	648	600
Dividend paid	363,378	363,378
Investment in wind power projects (FWE-I, FWE-II)	179,346	411,675
Investment in Askari Bank Limited (AKBL)	-	4,266,219

Transactions with joint venture company

Purchase of raw materials	10,726,841	11,865,160
Expenses incurred on behalf of joint venture company	7,201	7,963
Balance payable (included in trade and other payables) - secured	4,898,211	3,370,005 *
Balance receivable (included in other receivables) - unsecured	24,637	19,989 *

Other related parties

Contribution booked towards Provident Fund	28,816	24,587
Contribution booked towards Gratuity Fund	35,774	25,481
Remuneration including benefits and perquisites of Chief Executive Officer and executives		
No of persons June 30, 2014 : 1 and 19 (June 30, 2013 : 1 and 19)	112,002	160,097
Payment to Workers' (Profit) Participation Fund	49,808	17,042
Balance payable - unsecured	1,031,576	998,559 *
Payable to Gratuity Fund	158,126	173,653 *

*Balance of accounts appearing as comparatives are as at December 31, 2013

15. GENERAL

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

15.2 Corresponding figures have been re-arranged / restated, wherever necessary, for the purpose of comparison.

15.3 The Board of Directors in their meeting held on July 22, 2014 have proposed an interim dividend of Rs.1 per ordinary share.

15.4 This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on July 22, 2014.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



FFBL
Fauji Fertilizer Bin Qasim Limited



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