

# Third Quarter **Accounts** 2013



**FFBL**  
Fauji Fertilizer Bin Qasim Limited



# 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

Fax: (051) 9272198-9

E-mail: [secretary@ffbl.com](mailto: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 Third Quarter Ended 30 Sep 2013

The Board of Directors is pleased to present a brief overview of the operational and financial performance of the Company for the third quarter ended 30 Sep 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 37% for nine months. Ammonia and Urea plants remained shutdown for 49 days and 128 days respectively due to gas curtailment during the period. Production of Ammonia, Urea and DAP was 230 thousand tonnes, 183 thousand tonnes and 545 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 increased by 13% during Jan-Sep 2013 as compared to the same period of 2012. Industry Urea production is 3,539 thousand tonnes during Jan-Sep 2013, whereas production during the same period last year was 3,083 thousand tonnes. Urea imports during Jan-Sep 2013 are 494 thousand tonnes which are substantially lower than the imports of 978 thousand tonnes during the same period of 2012. Sales are 4,188 thousand tonnes, 13% higher than 3,723 thousand tonnes sales of Jan-Sep 2012. Urea inventory is 268 thousand tonnes at the end of September 2013, which is 61% lower as compared to the closing inventory of 696 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-Sep 2013 is 743 thousand tonnes, 19% higher than 623 thousand tonnes sales of Jan-Sep 2012. DAP imports during Jan-Sep 2013 are 384 thousand tonnes, 18% higher than 326 thousand tonnes imports of same period last year while closing inventory at the end of September 2013 is 341 thousand tonnes, 47% higher as compared to 232 thousand tonnes closing inventory of September 2012.

FFBL Sona Urea (G) sales during Jan-Sep 2013 are 185 thousand tonnes, lower by 7% as compared to 198 thousand tonnes sales during the same period of 2012 due to production constraint. Sona DAP sales during the Jan-Sep 2013 are 442 thousand tonnes, higher by 21% as compared to 365 thousand tonnes sales during the same period of 2012.

During Jan-Sep 2013, FFBL share in Urea and DAP market is 4.4% and 59.5% respectively.

FFBL financial results have shown improvement during the period Jan-Sep 2013 as compared with corresponding period owing to better management of available gas, higher production and better sales. The Company earned a gross profit of Rs 9,136 million as compared to gross profit of Rs 6,430 million in the corresponding period.

Net profit after tax stood at Rs 3,295 million for the nine months ended 30 Sep 2013 increased by Rs 1,165 million against the corresponding period. Company's earnings per share as at 30 Sep 2013 stood at Rs 3.53 against earnings per share of Rs 2.28 in the corresponding period.

The overall performance of PMP plant remained satisfactory for the period Jan-Sep 2013. PMP produced 288 thousand tonnes of  $P_2O_5$  out of which 248 thousand tonnes was exported to FFBL. PMP reported a profit of US \$ 2.4 million (MAD 21 million) for the second quarter ended 30 Jun 2013. The main reason for the profit is lower prices of raw material i.e. phosphate rock.

As a part of its business expansion and diversification, FFBL as member of Fauji Group Consortium purchased 175 million shares of Askari Bank Limited at the cost of Rs 4,266 million. Subsequently FFBL further invested in Askari Bank Limited to acquire right issue of shares to maintain its holding of 21.57% at the total cost of Rs 5,231 million.

Consistent gas supply is still a challenge for fertilizer sector in the days to come. FFBL will continue working closely with Ministry of Petroleum and SSGC to ensure gas supply to plant for sustained operation.

For and on behalf of the Board



Rawalpindi  
25 October 2013

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

## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2013

		Un - audited September 30, 2013	Restated	
			Audited December 31, 2012	Audited January 01, 2012
Note			(Rupees '000)	
<b>EQUITY AND LIABILITIES</b>				
<b>ISSUED SHARE CAPITAL AND RESERVES</b>				
		9,341,100	9,341,100	9,341,100
		228,350	228,350	228,350
		6,380	6,380	6,380
		832,294	712,205	684,073
		1,799,472	2,270,219	3,312,012
		12,207,596	12,558,254	13,571,915
<b>NON - CURRENT LIABILITIES</b>				
Long term loan and deferred Government assistance	5	584,119	1,232,320	3,241,002
Deferred liabilities	6	3,423,143	3,672,639	3,640,142
		4,007,262	4,904,959	6,881,144
<b>CURRENT LIABILITIES</b>				
Trade and other payables		9,373,778	11,248,586	10,735,167
Mark - up accrued		248,884	280,606	204,389
Short term borrowings	7	16,339,709	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		1,072,804	485,864	659,304
		29,043,857	23,240,398	19,723,205
		45,258,715	40,703,611	40,176,264
<b>CONTINGENCIES AND COMMITMENTS</b>				

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

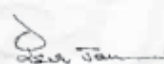
		Un - audited September 30, 2013	Restated	
			Audited December 31, 2012	Audited January 01, 2012
	Note		(Rupees '000)	
ASSETS				
NON - CURRENT ASSETS				
Property, plant and equipment	9	13,292,591	13,832,122	14,456,568
Long term investments	10	9,411,575	3,527,062	2,710,837
Long term deposits		78,643	76,312	76,312
		22,782,809	17,435,496	17,243,717
CURRENT ASSETS				
Stores and spares		2,057,276	2,011,482	1,905,738
Stock in trade	11	8,105,485	4,876,305	3,406,993
Trade debts		1,242,204	2,469,075	646,516
Advances		592,739	448,063	440,050
Trade deposits and short term prepayments		52,397	23,641	12,920
Interest accrued		14,401	39,317	51,041
Other receivables		3,144,441	2,994,808	2,180,232
Sales tax refundable		66,457	66,457	66,457
Short term investments	12	4,639,286	1,550,000	8,838,237
Cash and bank balances		2,561,220	8,788,967	5,384,363
		22,475,906	23,268,115	22,932,547
		45,258,715	40,703,611	40,176,264



**CHAIRMAN**



**CHIEF EXECUTIVE**



**DIRECTOR**

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2013**

	Note	Quarter ended September 30,		Nine months ended September 30,	
		2013	2012	2013	2012
		(Rupees '000)		(Rupees '000)	
Sales - net		13,638,589	17,917,381	33,781,215	29,208,413
Cost of sales	13	(9,764,526)	(13,919,383)	(24,645,458)	(22,778,306)
<b>Gross profit</b>		<b>3,874,063</b>	<b>3,997,998</b>	<b>9,135,757</b>	<b>6,430,107</b>
Selling and distribution expenses		(970,718)	(757,441)	(2,390,469)	(1,738,496)
Administrative expenses		(255,534)	(382,180)	(695,160)	(677,700)
		<b>2,647,811</b>	<b>2,858,377</b>	<b>6,050,128</b>	<b>4,013,911</b>
Finance costs		(624,996)	(453,579)	(1,248,774)	(1,363,463)
Other operating expenses		(151,583)	(167,340)	(367,066)	(223,276)
		<b>1,871,232</b>	<b>2,237,458</b>	<b>4,434,288</b>	<b>2,427,172</b>
Other operating income					
Share of profit / (loss) of joint venture and associates - net		30,176	(63,901)	(90,378)	5,943
Others		131,581	165,093	489,523	689,242
		<b>161,757</b>	<b>101,192</b>	<b>399,145</b>	<b>695,185</b>
<b>Profit before taxation</b>		<b>2,032,989</b>	<b>2,338,650</b>	<b>4,833,433</b>	<b>3,122,357</b>
Taxation					
Current		(728,795)	(736,615)	(1,840,312)	(965,331)
Deferred		173,281	(115,414)	301,698	(26,545)
		<b>(555,514)</b>	<b>(852,029)</b>	<b>(1,538,614)</b>	<b>(991,876)</b>
<b>Profit after taxation</b>		<b>1,477,475</b>	<b>1,486,621</b>	<b>3,294,819</b>	<b>2,130,481</b>
<b>Earnings per share - basic and diluted (Rs)</b>		<b>1.58</b>	<b>1.59</b>	<b>3.53</b>	<b>2.28</b>

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

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

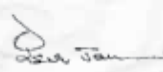
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2013**

	Quarter ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	(Rupees '000)		(Rupees '000)	
<b>Profit after taxation</b>	<b>1,477,475</b>	1,486,621	<b>3,294,819</b>	2,130,481
<b>Other comprehensive income</b>				
Exchange difference on translating a joint venture	(61,675)	6,085	120,089	28,037
Changes in accounting policy for recognition of actuarial gains and losses	(29,125)	-	(29,125)	-
<b>Total comprehensive income</b>	<b>1,386,675</b>	1,492,706	<b>3,385,783</b>	2,158,518

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

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2013

		2013	2012
	Note	(Rupees '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (used in) operations	14	1,705,623	(10,329,219)
Income tax paid		(1,253,375)	(1,210,202)
Finance cost paid		(915,734)	(1,026,622)
Compensated absences paid		(14,460)	(12,766)
Payment to Workers' (Profit) Participation Fund		(17,042)	(18,162)
Net cash used in operating activities		(494,988)	(12,596,971)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(507,393)	(604,483)
Proceeds from sale of property, plant and equipment		14,495	9,082
Long term deposits		(2,331)	-
Long term investments		(5,853,767)	(781,350)
Short term investments		(3,592,175)	7,951,524
Profit received on bank balances and term deposits		345,989	294,806
Net cash (used in) / generated from investing activities		(9,595,182)	6,869,579
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term loan - repayment		(648,201)	(648,201)
Short term borrowings - net		5,300,000	2,162,000
Dividend paid		(3,262,425)	(3,571,795)
Net cash generated from / (used in) financing activities		1,389,374	(2,057,996)
Net decrease in cash and cash equivalents		(8,700,796)	(7,785,388)
Cash and cash equivalents at beginning of the period		4,717,307	5,553,219
Cash and cash equivalents at end of the period		(3,983,489)	(2,232,169)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents included in the cash flow statement comprises the following balance sheet amounts:			
- Cash and bank balances		2,561,220	2,189,447
- Short term highly liquid investments		900,000	1,600,000
- Short term running finance		(7,444,709)	(6,021,616)
		(3,983,489)	(2,232,169)

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 PERIOD ENDED SEPTEMBER 30, 2013**

			Reserves			
	Share capital	Capital reserve	Statutory reserve	Translation reserve	Accumulated profit	Total
			(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	-	-	-	-	2,130,481	2,130,481
Other comprehensive income for the period	-	-	-	28,037	-	28,037
Total comprehensive income for the period	-	-	-	28,037	2,130,481	2,158,518

**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)
<b>Balance as at September 30, 2012</b>	<b>9,341,100</b>	<b>228,350</b>	<b>6,380</b>	<b>712,110</b>	<b>2,173,109</b>	<b>12,461,049</b>

**Balance as at September 30, 2012**

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	-	-	-	-	3,294,819	3,294,819
Changes in accounting policy for recognition of actuarial gains and losses	-	-	-	-	(29,125)	(29,125)
Other comprehensive income for the period	-	-	-	120,089	-	120,089
Total comprehensive income for the period	-	-	-	120,089	3,265,694	3,385,783

**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)
First interim dividend 2013 (Rs. 1.75 per ordinary share)	-	-	-	-	(1,634,693)	(1,634,693)
Total transactions with owners	-	-	-	-	(3,736,441)	(3,736,441)
<b>Balance as at September 30, 2013</b>	<b>9,341,100</b>	<b>228,350</b>	<b>6,380</b>	<b>832,294</b>	<b>1,799,472</b>	<b>12,207,596</b>

**Balance as at September 30, 2013**

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 PERIOD ENDED SEPTEMBER 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 nine months period ended September 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 nine months period ended September 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 nine months period ended September 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 September 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 September 30, 2013	Audited December 31, 2012
	Note	(Rupees '000)	
<b>5. LONG TERM LOAN AND DEFERRED GOVERNMENT ASSISTANCE</b>			
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
<p>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.</p>			
<b>6. DEFERRED LIABILITIES</b>			
Compensated leave absences		279,572	227,369
Deferred tax	6.1	3,143,571	3,445,270
		3,423,143	3,672,639
<p>6.1 The balance of deferred tax is in respect of the following major temporary differences:</p>			
Accelerated depreciation		3,202,916	3,523,482
Provision against doubtful advances		-	(18,734)
Share of loss of associates - net		(3,058)	(1,536)
Provision for inventory obsolescence		(56,287)	(57,942)
		3,143,571	3,445,270

## 7. SHORT TERM BORROWINGS - SECURED

The Company has short term running finance and demand finance facilities limits aggregating Rs. 21,660,000 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 9.16% to 11.01% per annum (2012: 9.43% to 10.67% per annum).

		Un - audited September 30, 2013	Audited December 31, 2012
	Note	(Rupees '000)	
<b>8. CONTINGENCIES AND COMMITMENTS</b>			
<b>Contingencies</b>			
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	26,609	132,820
iii)	Company's share of contingent liabilities of Fauji Cement Company Limited as at June 30, 2013	21,764	20,989
iv)	Company's share of contingent liabilities of Foundation Wind Energy - I Limited as at June 30, 2013	69,619	4,375
v)	Company's share of contingent liabilities of Foundation Wind Energy - II (Pvt) Limited as at June 30, 2013	60,975	4,130
vi)	Company's share of contingent liabilities of Askari Bank Limited as at June 30, 2013	31,347,929	-
<b>Commitments</b>			
i)	Capital expenditure - contracted	650,642	648,675
ii)	Letters of credit for purchase of raw materials and stores and spares	2,003,728	1,063,207
iii)	Commitments with Fauji Foundation for investment in wind projects	3,336,010	3,983,365
iv)	Company's share of commitments of Pakistan Maroc Phosphore S.A, Morocco (PMP) as at June 30, 2013	241,655	13,464
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>			
	Opening written down value	13,832,122	14,456,568
	Additions	9.1 507,393	851,076
	Disposals	(22,326)	(37,343)
	Adjustments - net	-	(96,705)
	Depreciation	9.1 (1,044,416)	(1,371,669)
	Depreciation on disposed off items	19,818	30,195
	Closing written down value	13,292,591	13,832,122

- 9.1** Additions and depreciation in property, plant and equipment during the nine months period ended September 30, 2012 were Rs. 604,483 thousand and Rs. 1,019,911 thousand respectively.

		Un - audited September 30, 2013	Audited December 31, 2012
	Note	(Rupees '000)	
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		(75,160)	42,446
Gain on translation of net assets		120,089	28,132
Closing balance		2,270,723	2,225,794
Investment in associates - equity method			
Fauji Cement Company Limited (FCCL)			
Balance brought forward		351,588	342,866
Share of profit		22,587	8,722
Dividend		(23,437)	-
Closing balance	10.1	350,738	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		(8,027)	(23,683)
Closing balance		696,913	329,390
Foundation Wind Energy-II (Pvt) Limited			
Opening balance		620,290	93,346
Advance paid during the period / year against issue of shares		271,805	547,686
Share of loss		(5,306)	(20,742)
Closing balance		886,789	620,290
Askari Bank Limited (AKBL)			
Investment during the period		5,230,885	-
Share of loss		(24,473)	-
Closing balance	10.2	5,206,412	-
Investment - available for sale - unquoted			
Arabian Sea Country Club Limited			
Less: Impairment in value of investment		3,000	3,000
		(3,000)	(3,000)
		-	-
		9,411,575	3,527,062

**10.1** Fair value of the investment in FCCL as at September 30, 2013 was Rs. 203.438 million (December 31, 2012: Rs. 122.625 million).

**10.2** Fair value of the investment in AKBL as at September 30, 2013 was Rs. 3,477.397 million (December 31, 2012: Rs. nil).

AKBL is a banking company engaged in commercial banking and related services. Accordingly, equity accounting of the associate is based on financial statements prepared under accounting framework applicable to banking companies in Pakistan. Share of loss of AKBL for the half year ended June 30, 2013 has been accounted for from date of investment i.e 26th of June 2013.

## 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 8.6% to 9.15% per annum (2012: 9% to 10.5% per annum) and investment in various mutual funds.

## 13. COST OF SALES

	Un - audited Quarter ended September 30,		Un - audited Nine months ended September 30,	
	2013	2012	2013	2012
	(Rupees '000)		(Rupees '000)	
Raw materials consumed	8,143,031	8,087,172	23,271,770	21,383,748
Packing materials consumed	162,381	131,167	433,386	353,886
Fuel and power	720,839	639,101	1,838,572	1,662,597
Chemicals and supplies consumed	85,683	48,314	215,316	121,582
Salaries, wages and benefits	462,321	519,183	1,186,756	963,612
Rent, rates and taxes	5,827	5,876	17,581	10,608
Insurance	23,885	25,266	77,514	76,289
Travel and conveyance	50,003	32,822	111,861	106,383
Repairs and maintenance	151,055	128,311	736,281	715,455
Communication, establishment and others	20,685	21,533	99,151	64,983
Depreciation	335,563	343,504	1,025,483	1,003,862
Opening stock - work in process	50,980	61,033	13,615	40,956
Closing stock - work in process	(34,628)	(42,114)	(34,628)	(42,114)
Cost of goods manufactured	10,177,625	10,001,168	28,992,658	26,461,847
Opening stock - finished goods	5,928,099	7,938,974	1,993,998	337,218
Closing stock - finished goods	(6,341,198)	(4,020,759)	(6,341,198)	(4,020,759)
Cost of sales	9,764,526	13,919,383	24,645,458	22,778,306

**Un - audited  
Nine months ended  
September 30,**

**2013                      2012**  
**(Rupees '000)**

**14. CASH USED IN OPERATIONS**

Profit before taxation	<b>4,833,433</b>	3,122,357
<b>Adjustment for:</b>		
Provision for gratuity	<b>40,239</b>	43,948
Exchange losses	<b>364,543</b>	282,507
Provision for compensated absences	<b>66,663</b>	-
Provision for Workers' (Profit) Participation Fund	<b>259,976</b>	167,175
Provision for Workers' Welfare Fund	<b>106,105</b>	53,960
Depreciation	<b>1,044,416</b>	1,019,911
Finance cost	<b>884,230</b>	1,080,956
Profit on bank balances and term deposits	<b>(321,073)</b>	(277,415)
Share of loss / (profit) of joint venture and associates - net	<b>65,905</b>	(5,943)
Gain on sale of investments	<b>(147,111)</b>	(363,287)
Gain on sale of property, plant and equipment	<b>(11,987)</b>	(2,925)
<b>Operating profit before working capital changes</b>	<b>7,185,339</b>	5,121,244
<b>Changes in working capital</b>		
Stores and spares	<b>(45,794)</b>	(75,237)
Stock in trade	<b>(3,229,180)</b>	(2,633,501)
Trade debts	<b>1,226,871</b>	(3,493,334)
Advances	<b>(144,676)</b>	(48,898)
Trade deposits and short term prepayments	<b>(28,756)</b>	(40,092)
Other receivables	<b>(126,195)</b>	(7,710,183)
Trade and other payables	<b>(3,131,986)</b>	(1,449,218)
	<b>(5,479,716)</b>	(15,450,463)
Cash generated from / (used in) operations	<b>1,705,623</b>	(10,329,219)

Un - audited  
Nine months ended  
September 30,

2013      2012  
(Rupees '000)

**15. RELATED PARTY TRANSACTIONS**

**Transactions with the holding company**

Services and material acquired	574,283	375,289
Services and material provided	6,806	1,239
Commission charged to the Company	12,532	11,248
Dividend	1,900,932	1,663,315
Balance receivable (included in other receivables) - unsecured	3,079,254	2,969,967*

**Transactions with associated undertakings due to common directorship**

Rent charged to the Company	900	866
Dividend	646,005	565,255
Investment in wind power projects	647,355	781,350
Investment in Askari Bank Limited	5,230,885	-

**Transactions with joint venture company**

Purchase of raw materials	18,259,837	15,933,275
Expenses incurred on behalf of joint venture company	11,316	25,304
Balance payable (included in trade and other payables) - secured	3,974,191	5,758,636*
Balance receivable (included in other receivables) - unsecured	18,818	22,733*

**Other related parties**

Contribution booked towards Provident Fund	36,285	31,093
Contribution booked towards Gratuity Fund	40,002	43,948
Remuneration including benefits and perquisites of Chief Executive Officer and executives		
No of persons September 30, 2013 : 1 and 19 (September 30, 2012 : 1 and 18)	182,408	125,550
Payment to Workers' (Profit) Participation Fund	17,042	18,162
Balance payable - unsecured	1,137,057	787,799*
Payable to Gratuity Fund	193,240	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 October 25, 2013 have proposed an interim dividend of Rs.1 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 October 25, 2013.

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**





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