

Ref. No. 11.8/Sectt/C

Dated: 23 Oct 2014

The General Manager  
Karachi Stock Exchange (Guarantee) Limited  
Stock Exchange Building, Stock Exchange Road,  
Karachi

Fax # 021-111-573-329  
aqfs@kse.com.pk

The General Manager  
Lahore Stock Exchange (Guarantee) Limited  
19-Khayaban-e-Iqbal,  
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The General Manager  
Islamabad Stock Exchange (Guarantee) Limited  
ISE Towers, 55-B, Jinnah Avenue,  
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Securities and Exchange Commission of Pakistan  
NIC Building, Jinnah Avenue, Blue Area  
Islamabad

Subject: **Financial Results – 3<sup>rd</sup> Quarter Ended 30 Sep 2014**

Dear Sir,

1. We have to inform you that the Board of Directors of our Company in their meeting, held at Rawalpindi on 23 Oct 2014, recommended the following:-

**CASH DIVIDEND**

Second Interim Cash Dividend for the period ended 30 Sep 2014 at Rs 0.75 per share i.e, 7.5 %.

2. Copy of subject accounts is attached.
3. The cash dividend will be paid / issued to the shareholders, whose names appear in the register of the members as on 11 Dec 2014.
4. The share transfer books of the Company will be closed from 12 – 18 Dec 2014 (both days inclusive). Transfers received at Corplink Pvt Ltd, Wings Arcade, 1-K, Commercial, Model Town, Lahore at the close of business on 11 Dec 2014 will be treated in time for the purpose of above entitlement to the transferees.
5. We will be sending you printed copies of subject accounts for distribution amongst the members of the Exchange in due course.

Regards



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

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FAUJI FERTILIZER BIN QASIM LIMITED  
CONDENSED INTERIM BALANCE SHEET  
AS AT SEPTEMBER 30, 2014

	Un - audited September 30, 2014	Audited December 31, 2013		Un - audited September 30, 2014	Audited December 31, 2013
	Note			Note	
	(Rupees '000)			(Rupees '000)	
<b>EQUITY AND LIABILITIES</b>					
<b>ISSUED SHARE CAPITAL AND RESERVES</b>					
Share capital	9,341,100	9,341,100			
Capital reserve	228,350	228,350			
Statutory reserve	6,380	6,380			
Translation reserve	984,490	1,041,870			
Accumulated profit	1,907,281	3,170,674			
	12,467,601	13,788,374			
<b>NON-CURRENT LIABILITIES</b>					
Long term loan and deferred Government assistance	10,000,000	584,119			
Deferred liabilities	3,253,436	3,460,397			
	13,253,436	4,044,516			
<b>CURRENT LIABILITIES</b>					
Trade and other payables	11,016,629	8,371,789			
Mark - up accrued	239,621	236,052			
Short term borrowings	6,448,063	7,985,128			
Current portion of long term loan	1,944,600	2,008,682			
Provision for income tax - net	194,250	727,582			
	19,843,163	19,329,233			
	45,564,200	37,162,123			
<b>CONTINGENCIES AND COMMITMENTS</b>					
	8				
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment		9	12,475,580	13,059,509	
Long term investments		10	10,479,305	9,864,133	
Long term deposits			78,643	78,643	
			23,033,528	23,002,285	
<b>CURRENT ASSETS</b>					
Stores and spares			2,240,381	2,107,493	
Stock in trade		11	6,848,243	1,129,257	
Trade debts			937,315	1,603,643	
Advances			613,312	572,966	
Trade deposits and short term prepayments			59,430	29,877	
Interest accrued			20,143	19,729	
Other receivables			1,401,060	705,513	
Sales tax refundable			224,588	190,691	
Short term investments		12	7,208,935	5,323,136	
Cash and bank balances			2,977,265	2,477,533	
			22,530,672	14,159,838	
			45,564,200	37,162,123	

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

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

FAUJI FERTILIZER BIN QASIM LIMITED  
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
 FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	Quarter ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Note	(Rupees '000)		(Rupees '000)	
Sales - net	12,907,933	13,638,589	28,656,915	33,781,215
Cost of sales	13 (9,983,940)	(9,764,526)	(22,515,816)	(24,645,458)
<b>Gross profit</b>	<b>2,923,993</b>	<b>3,874,063</b>	<b>6,141,099</b>	<b>9,135,757</b>
Selling and distribution expenses	(955,702)	(970,718)	(2,292,267)	(2,390,469)
Administrative expenses	(374,701)	(255,534)	(986,507)	(695,160)
	<b>1,593,590</b>	<b>2,647,811</b>	<b>2,862,325</b>	<b>6,050,128</b>
Finance costs	(634,088)	(624,996)	(1,031,346)	(1,248,774)
Other operating expenses	(92,874)	(151,583)	(176,196)	(367,066)
	<b>866,628</b>	<b>1,871,232</b>	<b>1,654,783</b>	<b>4,434,288</b>
Other operating income				
Share of profit / (loss) of joint venture and associates - net	291,975	30,176	186,291	(90,378)
Others	151,697	131,581	487,550	489,523
	<b>443,672</b>	<b>161,757</b>	<b>673,841</b>	<b>399,145</b>
<b>Profit before taxation</b>	<b>1,310,300</b>	<b>2,032,989</b>	<b>2,328,624</b>	<b>4,833,433</b>
Taxation				
Current	(386,320)	(728,795)	(847,754)	(1,840,312)
Deferred	46,539	173,281	291,592	301,698
	<b>(339,781)</b>	<b>(555,514)</b>	<b>(556,162)</b>	<b>(1,538,614)</b>
<b>Profit after taxation</b>	<b>970,519</b>	<b>1,477,475</b>	<b>1,772,462</b>	<b>3,294,819</b>
<b>Earnings per share- basic and diluted (Rupees)</b>	<b>1.04</b>	<b>1.58</b>	<b>1.90</b>	<b>3.53</b>

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

  
 CHAIRMAN

  
 CHIEF EXECUTIVE

  
 DIRECTOR

FAUJI FERTILIZER BIN QASIM LIMITED  
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
 FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	Quarter ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	(Rupees '000)		(Rupees '000)	
Profit after tax	970,519	1,477,475	1,772,462	3,294,819
<b>Other comprehensive income</b>				
Exchange difference on translating a joint venture	83,285	(61,675)	(54,249)	120,089
Effect of translation - share of Askari Bank Limited under equity method	119	-	(3,131)	-
Changes in accounting policy for recognition of actuarial gains and losses	-	(29,125)	-	(29,125)
<b>Total comprehensive income</b>	<u>1,053,923</u>	<u>1,386,675</u>	<u>1,715,082</u>	<u>3,385,783</u>

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

  
 CHAIRMAN

  
 CHIEF EXECUTIVE

  
 DIRECTOR

FAUJI FERTILIZER BIN QASIM LIMITED  
 CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
 FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	Note	2014 (Rupees '000)	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	14	395,279	1,705,623
Income tax paid		(1,381,086)	(1,253,375)
Finance cost paid		(914,793)	(915,734)
Compensated absences paid		(30,138)	(14,460)
Payment to gratuity fund		(51,301)	-
Payment to Workers' (Profit) Participation Fund		(49,808)	(17,042)
Net cash used in operating activities		<u>(2,031,847)</u>	<u>(494,988)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(455,019)	(507,393)
Proceeds from sale of property, plant and equipment		17,941	14,495
Long term deposits		-	(2,331)
Long term investments		(500,322)	(5,853,767)
Short term investments		(1,248,173)	(3,592,175)
Profit received on bank balances and term deposits		174,863	345,989
Net cash used in investing activities		<u>(2,010,710)</u>	<u>(9,595,182)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term loan - net		9,351,799	(648,201)
Short term borrowings - net		(5,550,000)	5,300,000
Dividend paid		(2,895,365)	(3,262,425)
Net cash generated from financing activities		<u>906,434</u>	<u>1,389,374</u>
Net decrease in cash and cash equivalents		<u>(3,136,123)</u>	<u>(8,700,796)</u>
Cash and cash equivalents at beginning of the period		<u>3,042,405</u>	<u>4,717,307</u>
Cash and cash equivalents at end of the period		<u><u>(93,718)</u></u>	<u><u>(3,983,489)</u></u>
<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		2,977,265	2,561,220
- Short term highly liquid investments		1,577,080	900,000
- Short term running finance		(4,648,063)	(7,444,709)
		<u><u>(93,718)</u></u>	<u><u>(3,983,489)</u></u>

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



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



FAUJI FERTILIZER BIN QASIM LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 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 nine months period ended September 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 nine months period ended September 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 September 30, 2014 is given below:

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

		Un - audited September 30, 2014	Audited December 31, 2013
	Note	(Rupees '000)	
<b>5. LONG TERM LOANS AND DEFERRED GOVERNMENT ASSISTANCE</b>			
Long Term Loans-Secured	5.1	10,000,000	-
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
		<u>10,000,000</u>	<u>584,119</u>

5.1 The Company has long term loan facilities aggregating to Rs. 10,000,000 thousand (2013: Rs. Nil). These are secured against hypothecation charge over stocks and current assets of the Company which will be converted to ranking charge against fixed assets in due course and carry mark up ranging between 10.34% to 10.68% per annum (2013: Nil).

#### 6. DEFERRED LIABILITIES

Compensated leave absences		442,685	358,052
Deferred tax	6.1	2,810,751	3,102,345
		<u>3,253,436</u>	<u>3,460,397</u>

6.1 The balance of deferred tax is in respect of the following major temporary differences:

Accelerated depreciation		2,847,120	3,155,906
Share of profit of associates- net		18,262	2,726
Provision for inventory obsolescence		(54,631)	(56,287)
		<u>2,810,751</u>	<u>3,102,345</u>

#### 7. SHORT TERM BORROWINGS - SECURED

The Company has short term running finance and demand finance facilities limits aggregating to Rs. 23,960,000 thousand (2013: Rs. 21,660,000 thousand). These are secured against hypothecation charge over stocks and current assets of the Company and carry mark up ranging between 10.28% to 11.02% per annum (2013: 9.16% to 11.01% per annum).

		Un - audited September 30, 2014	Audited December 31, 2013
	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	1,200,995	29,698
iii)	Company's share of contingent liabilities of Fauji Cement Company Limited as at June 30, 2014	22,465	21,764
iv)	Company's share of contingent liabilities of Foundation Wind Energy - I Limited as at June 30, 2014	60,484	69,619
v)	Company's share of contingent liabilities of Foundation Wind Energy - II (Pvt) Limited as at June 30, 2014	60,484	60,975
vi)	Company's share of contingent liabilities of Askari Bank Limited as at June 30, 2014	32,854,405	35,378,051
<b>Commitments</b>			
i)	Capital expenditure - contracted	964,140	614,631
ii)	Letters of credit for purchase of raw materials and stores and spares	1,193,835	1,759,208
iii)	Commitments with Fauji Foundation for investment in wind projects	142,248	3,022,155
iv)	Company's share of commitments of Pakistan Maroc Phosphore S.A, Morocco (PMP) as at June 30, 2014	102,421	271,442
v)	Commitments on behalf of Fauji Meat Limited	1,901,292	-
vi)	Commitments on behalf of FFBL Power Company Limited	6,364,800	-
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>			
Opening written down value		13,059,509	13,832,122
Additions	9.1	455,018	619,069
Disposals		(43,576)	(30,454)
Depreciation	9.1	(1,035,052)	(1,386,791)
Depreciation on disposed off items		39,681	25,563
Closing written down value		<u>12,475,580</u>	<u>13,059,509</u>

9.1 Additions and depreciation in property, plant and equipment during the nine months period ended September 30, 2013 were Rs. 507,393 thousand and Rs. 1,044,416 thousand respectively.

	Un - audited September 30, 2014	Audited December 31, 2013
Note	(Rupees '000)	
<b>10. LONG TERM INVESTMENTS</b>		
<b>Investment in joint venture - equity method</b>		
Pakistan Maroc Phosphore S.A. Morocco (PMP)		
Balance brought forward	2,346,725	2,225,794
Share of profit / (loss)	31,218	(265,972)
(Loss) / Gain on translation of net assets	(54,249)	326,603
Closing balance	2,323,694	2,346,725
<b>Investment in associates - equity method</b>		
Fauji Cement Company Limited (FCCL)		
Balance brought forward	358,313	351,588
Share of profit	26,769	30,162
Dividend	(28,125)	(23,437)
Closing balance	356,957	368,313
10.1		
Foundation Wind Energy-I Limited		
Opening balance	923,941	329,390
Advance paid during the period / year against issue of shares	189,043	603,664
Share of loss	(9,672)	(9,113)
Closing balance	1,103,312	923,941
Foundation Wind Energy-II (Pvt) Limited		
Opening balance	971,100	620,290
Advance paid during the period / year against issue of shares	96,226	357,546
Share of loss	(2,932)	(6,736)
Closing balance	1,064,394	971,100
Askari Bank Limited (AKBL)		
Opening balance	5,262,054	-
Investment during the period	-	5,230,990
Share of profit	140,908	28,302
Effect of translation	(3,130)	2,762
Dividend	(271,884)	-
Closing balance	5,127,948	5,262,054
10.2		
<b>Investment in subsidiaries</b>		
Fauji Meal Limited (FML)		
Balance brought forward	1,000	-
Advance paid during the period / year against issue of shares	500,000	1,000
Closing balance	501,000	1,000
Fauji Foods Limited (FFL)		
Balance brought forward	1,000	-
Advance paid during the period / year against issue of shares	-	1,000
Closing balance	1,000	1,000
Investment in FFBL Coal Power Company Limited	1,000	-
<b>Investment - available for sale - unquoted</b>		
Arabian Sea Country Club Limited		
Less: Impairment in value of investment	(3,000)	(3,000)
	-	-
	<b>10,479,305</b>	<b>9,864,133</b>

10.1 Fair value of the investment in FCCL as at September 30, 2014 was Rs. 365.438 million (December 31, 2013: Rs. 299.063 million).

10.2 Fair value of the investment in AKBL as at September 30, 2014 was Rs. 5,859.100 million (December 31, 2013: Rs. 3806.376 million).

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 profit/ (loss) of AKBL has been accounted for upto the half year ended June 30, 2014.

#### 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 3 months carrying mark up between 9.0% to 10.40% per annum ( 2013: 8.6% to 9.15% per annum) and investment in various mutual funds.

	Un - audited		Un - audited	
	Quarter ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	(Rupees '000)		(Rupees '000)	
13. COST OF SALES				
Raw materials consumed	8,637,802	8,143,031	20,991,080	23,271,770
Packing materials consumed	166,186	162,381	414,417	433,386
Fuel and power	755,858	720,839	1,958,991	1,838,572
Chemicals and supplies consumed	69,141	85,683	178,739	215,316
Salaries, wages and benefits	546,642	462,321	1,375,394	1,186,756
Rent, rates and taxes	5,780	5,827	70,151	17,581
Insurance	24,755	23,885	74,668	77,514
Travel and conveyance	49,048	50,003	122,969	111,861
Repairs and maintenance	177,535	151,055	657,620	736,281
Communication, establishment and others	31,686	20,685	111,135	99,151
Depreciation	335,107	335,563	1,004,892	1,025,483
Opening stock - work in process	65,713	50,980	26,936	13,615
Closing stock - work in process	(52,088)	(34,628)	(52,088)	(34,628)
Cost of goods manufactured	10,813,165	10,177,625	26,934,904	28,992,658
Opening stock - finished goods	4,137,459	5,928,099	547,596	1,993,998
Closing stock - finished goods	(4,966,684)	(6,341,198)	(4,966,684)	(6,341,198)
Cost of sales	9,983,940	9,764,526	22,515,816	24,645,458

	Un - audited	
	Nine months ended September 30,	
	2014	2013
	(Rupees '000)	
<b>14. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	2,328,624	4,833,433
Adjustment for:		
Provision for gratuity	53,533	40,239
Exchange losses	112,639	364,543
Provision for compensated absences	114,770	66,663
Provision for Workers' (Profit) Participation Fund	125,182	259,976
Provision for Workers' Welfare Fund	49,840	106,105
Depreciation	1,035,052	1,044,416
Finance cost	918,707	884,230
Profit on bank balances and term deposits	(175,277)	(321,073)
Share of (profit) / loss of joint venture and associates - net	(186,291)	65,905
Gain on sale of investments	(260,546)	(147,111)
Gain on sale of property, plant and equipment	(14,045)	(11,987)
<b>Operating profit before working capital changes</b>	<b>4,102,188</b>	<b>7,185,339</b>
<b>Changes in working capital</b>		
Stores and spares	(132,888)	(45,794)
Stock in trade	(5,718,986)	(3,229,180)
Trade debts	666,328	1,226,871
Advances	(40,346)	(144,676)
Trade deposits and short term prepayments	(29,553)	(28,756)
Other receivables	(715,382)	(126,195)
Trade and other payables	2,263,918	(3,131,986)
	<b>(3,706,909)</b>	<b>(5,479,716)</b>
<b>Cash generated from operations</b>	<b>395,279</b>	<b>1,705,623</b>

Un - audited  
 Nine months ended September 30,  
 2014                      2013  
 (Rupees '000)

15. RELATED PARTY TRANSACTIONS

**Transactions with the holding company**

Services and material acquired	599,382	574,283
Services and material provided	6,281	6,806
Commission charged to the Company	11,161	12,532
Dividend	1,544,507	1,900,932
Balance receivable (included in other receivables) - unsecured	745,385	572,623 *

**Transactions with subsidiary companies**

Services provided	14,688	-
Investment in Fauji Meat Limited	500,000	-
Investment in FFBL Power Company Limited	1,000	-

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

Rent charged to the Company	989	900
Dividend	524,879	646,005
Investment in wind power projects	285,269	647,355
Investment in Askari Bank Limited	-	5,230,990

**Transactions with joint venture company**

Purchase of raw materials	17,325,157	18,259,837
Expenses incurred on behalf of joint venture company	13,142	11,316
Balance payable (included in trade and other payables) - secured	4,394,196	3,370,005 *
Balance receivable (included in other receivables) - unsecured	30,578	19,989 *

**Other related parties**

Contribution booked towards Provident Fund	43,076	36,285
Contribution booked towards Gratuity Fund	53,533	40,002
Remuneration including benefits and perquisites of Chief Executive Officer and executives No of persons September 30, 2014 : 1 and 19 (September 30, 2013 : 1 and 19)	203,010	187,808
Payment to Workers' (Profit) Participation Fund	49,808	17,042
Balance payable - unsecured	1,124,119	989,559 *
Payable to Gratuity Fund	175,885	173,653 *

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

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 23, 2014 have proposed an interim dividend of Rs. 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 23, 2014.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR