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## COMPANY INFORMATION

### DIRECTORS

Lt Gen Syed Arif Hasan, HI(M), (Retired)  
Chairman

Lt Gen Muhammad Akram, HI(M), (Retired)  
Chief Executive & Managing Director

Lt Gen Munir Hafiez, HI(M), (Retired)  
Mr. Qaiser Javed  
Mr. Istaqbal Mehdi  
Brig Munawar Ahmed Rana, SI(M), (Retired)  
Brig Arif Rasul Qureshi, SI(M), (Retired)  
Brig Rahat Khan, SI(M), (Retired)  
Dr. Nadeem Inayat

### SECRETARY

Brig Tariq Mahmood, SJ, SI(M), (Retired)

### REGISTERED OFFICE

73-Harley Street, Rawalpindi, Pakistan  
Tel : (051) 9272191 & 96-97  
(051) 9270923  
Fax : (051) 9272198-9  
E-mail : [secy@ffbl.com.pk](mailto:secy@ffbl.com.pk)  
Website: <http://www.ffbl.com.pk>

### PLANTSITE

Bin Qasim, Karachi, Pakistan

### AUDITORS

KPMG Taseer Hadi & Co  
Chartered Accountants  
6th Floor, State Life Building,  
Jinnah Avenue, Islamabad.

### LEGAL ADVISORS

Orr Dignam & Co  
Advocates,  
3-A, Street 32, Sector F-8/1,  
Islamabad, Pakistan

### SHARES DEPARTMENT

73-Harley Street,  
Rawalpindi  
Ph: (051) 9273251

## **DIRECTORS' REVIEW**

**Half year ended June 30<sup>th</sup>, 2006**

### **Operational Highlights**

The Board of Directors is pleased to present an overview of the operational and financial performance of the Company for the half year ended June 30<sup>th</sup>, 2006 together with Auditor's review thereon. The significant difference between year 2006 vis-à-vis 2005 is 27 days turnaround aimed at improving reliability and increased capacity of Ammonia thereby increasing production of Urea & DAP plants.

Alhamdulillah the Company has successfully completed the first phase of ammonia BMRE from March 21<sup>st</sup> to April 16<sup>th</sup>, 2006. Resultantly, ammonia plant's capacity has improved by 2%.

Due to 27 days shutdown, production of ammonia remained at 193 kt, which was 16% below the production in the corresponding period of the last year. Similarly, production of Granular urea and DAP remained at 256 kt and 203 kt, which was 19% and 8% lower than the production in the corresponding period. The plant also faced gas curtailment by SSGC in January 2006 to meet their upcountry winter requirement.

### **Marketing Highlights**

At the beginning of the year 2006, the urea market showed a healthy trend which was a continuation of robust demand situation of the year 2005. The urea inventory of 72kt at the beginning of year 2006 was 177% higher than opening inventory of 26 kt of year 2005. During the half year, industry urea sales at 2,569 kt were 9% higher than 2,358 kt sales for the corresponding period of the last year. Fertilizer marketing companies increased urea prices by Rs 26 per bag, an increase of 10%. Prices were increased in two stages i.e, Rs 16 per bag in January and Rs 10 per bag in April, 2006 due to 15% rise in fuel gas price and higher transportation/other costs.

Industry urea production of 2,374 kt for the period was 5% higher than 2,262 kt of last year. 397 kt urea was also imported to bridge the gap between local production and the demand. Due to early imports, urea inventory at the end of June 2006 of 262 kt was 435% higher than the inventory of 49 kt at the end of June 2005.

Industry DAP inventory of 292 kt at the beginning of the year 2006 was much higher compared to 65 kt at the beginning of year 2005 and sales of 368 kt were 5% higher than 349 kt sales of the preceding year.

DAP prices were reduced on an average by Rs 30 per bag during the period from December 2005 prices. However, average sale prices of DAP were higher by 3% over the prices of last year.

Import of DAP continued, despite ample availability in the market, 233 kt DAP was imported which was lower by 9% as compared to 257 kt imports made during the same period of last year.

The Company sold 305 kt (including 49 kt of imported) urea during the period under review showing 112% achievement against the target. However, sales were lower by 8% as compared to 331 kt of last year. The Company's share of urea market was 12% compared to 14%. The Granular urea inventory at June 30, 2006 was 4 kt because of higher demand during the period.

DAP sales of the Company stood at 153 kt which were 7% below the sales in the first half of year 2005. Company's share of DAP market stood at 41% as compared to 47% in the last year.

#### **Financial Highlights**

The Company earned a gross profit of Rs. 1,493 million. This is 25% lower than corresponding period mainly due to decrease in urea and DAP production owing to plant turnaround. The production cost increased by Rs 181 million mainly on account of phosphoric acid price rise by 4%, fuel gas price by 15% and annual turnaround cost Rs 94 million. Profit after tax reduced by 25% i.e, from Rs 1,326 million to Rs 992 million.

As a result of rise in fuel and transportation charges, distribution cost increased from Rs 575 million to Rs 621 million.

Financial costs rose from Rs 106 million to Rs 200 million, due to increase in borrowing rates and higher utilization of working capital lines. Other expenses decreased from Rs 72 million to Rs 62 million mainly due to decrease in WPPF owing to lower profit.

Other income excluding Government compensation increased from Rs 166 million to Rs 270 million due to better treasury management and increase in mark up rates compared with the corresponding period of the last year.

Government compensation of Rs 700 million for the year 2005 has been received in the month of June 2006. Consistent with the last year, compensation of Rs 700 million for the year 2006 has been recognized as income on accrual basis in the accounts under review.

#### **Future Outlook**

The international prices of urea are expected to stay firm which presently are more than double the domestic price. The Country will remain in the import regime as domestic demand continues to grow as compared to the indigenous production. In order to address this shortfall, Government should decide gas allocations for at least 1-2 urea plants on priority.

#### **Balancing, Modernization, Revamping and Expansion**

To ensure profitable growth and enhance shareholders value, the Company has already started a BMRE project of ammonia plant to increase its production capacity and efficiency.

This project Inshallah will be completed by end second quarter of 2007 thereby increasing ammonia capacity to 123%. Expansion of DAP plant to 151% of its capacity has also started, which is expected to complete by end 4<sup>th</sup> Quarter 2007, Inshallah. Contract for basic and detailed engineering with Ms Jacobs Engineering Inc of USA has been signed and work on the project has commenced. It is pertinent to note that these projects are being financed from Company's own resources.

#### **International Certification Integrated Management System (IMS)**

The Company developed and implemented the following three international standards to improve in the fields of quality, environment and health & safety:-

- ✓ ISO 9001: 2000 - Quality Management System
- ✓ ISO 14001: 2004 - Environmental Management System
- ✓ OHSAS 18001: 1999 - Occupational Health & Safety Assessment Series.

Our work practices, emissions and safety procedures at the Head Office and Plantsite were verified by world renowned international certification agent, M/s BVQI, during March 2006. Alhamdulillah, we were certified for all three standards in the first attempt.

#### **Pakistan Maroc Phosphore S.A**

The project is progressing according to schedule and within the overall budget. Approximately 75% of the budget has been committed against the orders. Delivery of first consignment of the equipment of sulphuric acid plant has been made at the site. Civil work has commenced on sulphuric acid, water treatment and power plants. The project is expected to complete in time and commence commercial production by third quarter of 2007, Inshallah.

**For and on behalf of the Board**

**Lt Gen Syed Arif Hassan HI(M) (Retd)  
Chairman**

**Rawalpindi  
25 July 2006**

## REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of Fauji Fertilizer Bin Qasim Limited ("the Company") as at June 30, 2006, and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statements") for the half year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Islamabad  
25 July 2006



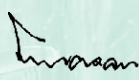
KPMG Taseer Hadi & Co.  
Chartered Accountants

**BALANCE SHEET (UN-AUDITED)**  
AS AT JUNE 30, 2006

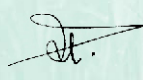
	Note	June 30, 2006 (Rupees '000)	December 31, 2005
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		9,341,100	9,341,100
Capital reserve		228,350	228,350
Accumulated loss		(1,316,777)	(1,841,919)
		<b>8,252,673</b>	<b>7,727,531</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	1,667,777	1,876,248
Liabilities against assets subject to finance lease		4,940	6,294
Long term murabaha	6	154,713	174,051
Deferred tax liability	7	1,861,692	1,322,283
Long term loan	8	6,482,007	7,130,208
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,556,487	2,905,995
Mark - up accrued		99,171	94,348
Short term running finances		2,120,013	2,236,649
Current portion of:			
- Long term financing	5	416,944	416,944
- Liabilities against assets subject to finance lease		3,154	4,015
- Long term murabaha	6	38,679	38,679
- Long term loan	8	648,201	648,201
		<b>5,882,649</b>	<b>6,344,831</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		
		<b>24,306,451</b>	<b>24,581,446</b>

The annexed notes 1 to 15 form an integral part of these financial statements.

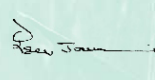
	Note	June 30, 2006 (Rupees '000)	December 31, 2005
<b>PROPERTY, PLANT AND EQUIPMENT</b>	10	14,788,505	14,563,103
<b>LONG TERM INVESTMENTS</b>		734,275	734,275
<b>LONG TERM DEPOSITS</b>		17,414	17,395
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		642,380	577,082
Stock in trade		2,150,643	1,022,957
Trade debts		234,393	115,081
Advances		52,268	37,816
Trade deposits and short term prepayments		2,051	3,306
Interest accrued		68,609	85,545
Other receivables		598,273	336,266
Advance tax and sales tax		205,213	157,005
Bank balances		4,812,427	6,931,615
		<b>8,766,257</b>	<b>9,266,673</b>
		<u><b>24,306,451</b></u>	<u><b>24,581,446</b></u>



CHAIRMAN



CHIEF EXECUTIVE

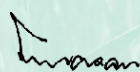


DIRECTOR

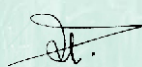
**PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
FOR THE HALF YEAR ENDED JUNE 30, 2006

	Note	Quarter ended June 30,		Half year ended June 30,	
		2006	2005	2006	2005
		(Rupees '000)		(Rupees '000)	
Sales - net		3,166,107	3,477,656	5,860,442	5,937,962
Cost of sales	11	(2,430,696)	(2,346,966)	(4,366,987)	(3,929,467)
<b>Gross profit</b>		<b>735,411</b>	1,130,690	<b>1,493,455</b>	2,008,495
Distribution costs		(304,518)	(302,731)	(621,091)	(575,021)
Administrative expenses		(25,622)	(37,841)	(49,581)	(58,515)
		<b>405,271</b>	790,118	<b>822,783</b>	1,374,959
Finance cost		(101,000)	(55,818)	(199,783)	(105,870)
Other expenses		(38,951)	(40,716)	(61,874)	(71,964)
		<b>265,320</b>	693,584	<b>561,126</b>	1,197,125
Other income					
Compensation from GOP	12	700,000	700,000	700,000	700,000
Others		133,038	78,890	270,480	165,650
		<b>833,038</b>	778,890	<b>970,480</b>	865,650
<b>Profit before taxation</b>		<b>1,098,358</b>	1,472,474	<b>1,531,606</b>	2,062,775
Taxation-Deferred		(383,481)	(521,390)	(539,409)	(736,698)
<b>Profit after taxation</b>		<b>714,877</b>	951,084	<b>992,197</b>	1,326,077
Basic and diluted earnings per share (Rupees)		<b>0.77</b>	1.02	<b>1.06</b>	1.42

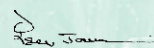
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CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

**CASH FLOW STATEMENT (UN-AUDITED)**  
FOR THE HALF YEAR ENDED JUNE 30, 2006

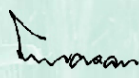
	Note	Half year ended June 30,	
		2006	2005
(Rupees '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	13	(388,577)	776,071
Finance cost paid		(194,960)	(79,746)
Compensation received from GOP - net		51,800	-
Taxes paid		(27,354)	(19,569)
Net cash (used in) / generated from operating activities		(559,091)	676,756
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(718,708)	(558,046)
Proceeds from sale of property, plant and equipment		17	3,518
Long term deposits		(19)	544
Profit received on bank balances		280,638	122,262
Net cash used in investing activities		(438,072)	(431,722)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing - repayments		(208,471)	(208,471)
Principal portion of lease rentals paid		(2,215)	(3,924)
Long term murabaha - repayments		(19,338)	(19,338)
Dividend paid		(775,365)	-
Net cash used in financing activities		(1,005,389)	(231,733)
Net (decrease) / increase in cash and cash equivalents		(2,002,552)	13,301
Cash and cash equivalents at beginning of the period		4,694,966	3,901,988
Cash and cash equivalents at end of the period		<u>2,692,414</u>	<u>3,915,289</u>

**CASH AND CASH EQUIVALENTS**

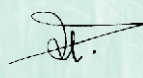
Cash and cash equivalents included in the cash flow statement comprises the following balance sheet amounts:

Bank balances	4,812,427	6,103,509
Short term running finances	(2,120,013)	(2,188,220)
	<u>2,692,414</u>	<u>3,915,289</u>

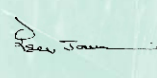
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**CHAIRMAN**



**CHIEF EXECUTIVE**



**DIRECTOR**

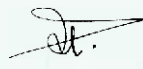
**STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2006**

	Share Capital	Capital reserve	Accumulated loss	Total
	(Rupees '000)			
Balance at December 31, 2004	9,341,100	228,350	(2,422,808)	7,146,642
Profit for the half year ended June 30, 2005	-	-	1,326,077	1,326,077
Balance at June 30, 2005	9,341,100	228,350	(1,096,731)	8,472,719
Profit for the half year ended December 31, 2005	-	-	1,123,032	1,123,032
First interim dividend (Rs 1.25 per ordinary share)	-	-	(1,167,638)	(1,167,638)
Second interim dividend (Re 0.75 per ordinary share)	-	-	(700,582)	(700,582)
Balance at December 31, 2005	9,341,100	228,350	(1,841,919)	7,727,531
Profit for the half year ended June 30, 2006	-	-	992,197	992,197
Final dividend for year 2005 (Re 0.5 per ordinary share)	-	-	(467,055)	(467,055)
Balance at June 30, 2006	<u>9,341,100</u>	<u>228,350</u>	<u>(1,316,777)</u>	<u>8,252,673</u>

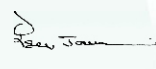
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**CHAIRMAN**



**CHIEF EXECUTIVE**



**DIRECTOR**

**NOTES TO THE ACCOUNTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2006**

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 principal objective of the Company is manufacturing, purchasing and marketing of fertilizers including investment in fertilizer raw material manufacturing operations. The Company commenced its commercial production effective January 1, 2000.
2. These financial statements are un-audited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. These financial statements are presented in condensed form in accordance with the requirements of International Accounting Standard 34: "Interim Financial Reporting".
3. The accounting policies adopted for the preparation of these financial statements are the same as those applied in preparation of the financial statements for the preceding year ended December 31, 2005.

	Number of shares	Percentage holding
<b>4. Status of significant shareholding as at June 30, 2006 is given below:</b>		
Fauji Fertilizer Company Limited	475,232,996	50.88
Fauji Foundation	161,501,286	17.29
	<b>June 30, 2006</b>	<b>December 31, 2005</b>
	(Rupees '000)	

**5. LONG TERM FINANCING - SECURED**

**From banking companies and financial institutions**

Habib Bank Limited	<b>648,979</b>	713,875
Standard Chartered Bank	<b>371,100</b>	408,210
MCB Bank Limited	<b>639,752</b>	703,727
Askari Commercial Bank Limited	<b>142,857</b>	157,143
Saudi Pak Industrial and Agricultural Investment Company (Pvt) Limited	<b>53,462</b>	58,808
	<b>1,856,150</b>	2,041,763

**From associated undertaking**

Pak Kuwait Investment Company (Pvt) Limited	<b>228,571</b>	251,429
	<b>2,084,721</b>	2,293,192
Less : Current portion shown under current liabilities	<b>416,944</b>	416,944
	<b>1,667,777</b>	1,876,248

An amount of Rs 208.471 million has been repaid during the half year on account of long term financing.

**6. LONG TERM MURABAHA - SECURED**

Faysal Bank Limited	<b>193,392</b>	212,730
Less : Current portion shown under current liabilities	<b>38,679</b>	38,679
	<b>154,713</b>	174,051

An amount of Rs 19.338 million has been repaid during the half year on account of long term murabaha.

	June 30, 2006	December 31, 2005
	(Rupees '000)	
<b>7. DEFERRED TAX LIABILITY</b>		
The balance of deferred tax is in respect of the following major temporary differences:		
Accelerated depreciation	1,884,763	1,346,129
Provision against doubtful advances / receivables	(18,734)	(18,734)
Provision for inventory obsolescence	(1,504)	(1,504)
Liabilities against assets subject to finance lease	(2,833)	(3,608)
	<u>1,861,692</u>	<u>1,322,283</u>
<b>8. LONG TERM LOAN - UNSECURED</b>		
Government of Pakistan loan	4,860,646	5,148,455
Deferred Government Assistance	<u>2,269,562</u>	<u>2,629,954</u>
	7,130,208	7,778,409
Less: Current portion shown under current liabilities	648,201	648,201
	<u>6,482,007</u>	<u>7,130,208</u>
<b>9. CONTINGENCIES AND COMMITMENTS</b>		
<b>Contingencies</b>		
i) Indemnity bonds and undertakings given to the customs authorities for the machinery imported by the Company for installation at plant site	119,650	119,650
ii) Guarantees issued by banks on behalf of the Company	26,470	21,556
iii) Income tax demands raised on income on local currency bank deposits/unrealized exchange gain, which have been challenged and are currently in appeal; the Company expects favorable outcome in appeal.	50,727	57,147
iv) Claim by a supplier not acknowledged as debt by the Company	11,996	11,996
<b>Commitments</b>		
i) Capital expenditure		
- Contracted	701,699	728,161
- Non contracted	2,096,823	1,612,982
ii) Letters of credit for purchase of stores, spares and raw materials	63,959	643,607
iii) Commitment for equity investment in Pakistan Maroc Phosphore S.A., (PMP) Moroccan Dirhams 93,750 thousand, equivalent approx.	644,278	622,500
iv) Company's share of commitments in PMP who itself is committed to incur capital expenditure of MAD 1,253 million equivalent Pak Rs 8,611 million.	2,153,000	1,991,000

	June 30, 2006	December 31, 2005
	(Rupees '000)	
<b>10. PROPERTY, PLANT AND EQUIPMENT</b>		
Opening written down value	14,563,103	14,539,349
Additions	718,708	965,999
Disposals	(43)	(10,063)
Depreciation	(493,294)	(939,438)
Depreciation on items disposed off	31	7,256
Closing written down value	<u>14,788,505</u>	<u>14,563,103</u>

	Quarter ended June 30,		Half year ended June 30,	
	2006	2005	2006	2005
	(Rupees '000)		(Rupees '000)	
<b>11. COST OF SALES</b>				
Raw materials consumed	1,583,381	1,738,752	3,166,897	3,215,542
Packing materials consumed	60,718	73,871	126,756	141,140
Fuel and power	283,563	240,043	545,685	473,124
Chemicals and supplies	17,128	14,792	31,483	28,297
Salaries, wages and benefits	93,058	79,170	181,979	149,034
Rent, rates and taxes	5,256	4,999	10,568	10,088
Insurance	11,193	10,970	22,970	21,902
Travel and conveyance	9,126	7,079	14,991	12,699
Repairs and maintenance	94,733	31,518	187,535	66,962
Communication, establishment and other expenses	4,432	16,826	10,617	20,640
Depreciation	257,242	230,689	491,607	461,438
Provision for obsolete stores	-	-	-	4,297
Opening stock - work in process	2,212	2,165	1,504	4,482
Closing stock - work in process	(4,251)	(1,944)	(4,251)	(1,944)
Cost of goods manufactured	<u>2,417,791</u>	<u>2,448,930</u>	<u>4,788,341</u>	<u>4,607,701</u>
Opening stock - owned manufactured goods	1,096,396	673,418	398,723	39,403
Closing stock - owned manufactured goods	<u>(1,231,609)</u>	<u>(841,508)</u>	<u>(1,231,609)</u>	<u>(841,508)</u>
Cost of goods sold - owned fertilizers	<u>2,282,578</u>	<u>2,280,840</u>	<u>3,955,455</u>	<u>3,805,596</u>
Opening stock - purchased fertilizers	1,478	-	3,215	4,751
Purchase of imported fertilizers	250,115	66,126	511,792	119,120
Closing stock - purchased fertilizers	<u>(103,475)</u>	<u>-</u>	<u>(103,475)</u>	<u>-</u>
Cost of goods sold - purchased fertilizers	<u>148,118</u>	<u>66,126</u>	<u>411,532</u>	<u>123,871</u>
	<u>2,430,696</u>	<u>2,346,966</u>	<u>4,366,987</u>	<u>3,929,467</u>

## 12. COMPENSATION FROM GOVERNMENT OF PAKISTAN

GOP Compensation of Rs 700 million which was receivable in June 2005 has been received in June 2006. Compensation of Rs 700 million for the year 2006 is yet to be received. However, this has been accrued in the books of account of the Company subject to netting off the agreed GOP loan repayment of Rs 648.201 million for the year 2006.

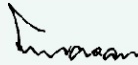
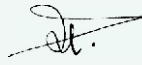
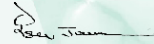
	<b>Half year ended June 30,</b>	
	<b>2006</b>	<b>2005</b>
	<b>(Rupees '000)</b>	
<b>13. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	<b>1,531,606</b>	2,062,775
<b>Adjustments for:</b>		
Provision for gratuity and leave encashment	<b>14,869</b>	17,233
Depreciation	<b>493,294</b>	467,526
Provision for obsolete stores	-	4,297
Finance cost	<b>199,783</b>	105,870
Compensation from GOP	<b>(700,000)</b>	(700,000)
Profit on bank balances	<b>(263,702)</b>	(143,505)
Gain on sale of property, plant and equipment	<b>(5)</b>	(2,048)
	<b>1,275,845</b>	1,812,148
<b>Changes in working capital</b>		
Stores, spares and loose tools	<b>(65,298)</b>	(52,938)
Stock in trade	<b>(1,127,686)</b>	(1,224,978)
Trade debts	<b>(119,312)</b>	248,055
Advances	<b>(14,452)</b>	158,124
Trade deposits and short term prepayments	<b>1,255</b>	(365)
Other receivables	<b>(262,007)</b>	(416,299)
Sales tax refundable	<b>(19,079)</b>	(35,949)
Trade and other payables	<b>(57,843)</b>	288,273
	<b>(1,664,422)</b>	(1,036,077)
Cash (used in) / generated from operations	<b><u>(388,577)</u></b>	<u>776,071</u>

	<u>Half year ended June 30,</u>	
	2006	2005
	(Rupees '000)	
<b>14. TRANSACTIONS WITH AND BALANCES OF RELATED PARTIES</b>		
<b>The Parent Company</b>		
<b>Fauji Fertilizer Company Limited</b>		
Services and material provided	1,336	600
Commission paid	9,172	9,905
Services and material acquired	121,022	111,258
Collection from debtors of the company remitted	5,379,105	5,949,437
Dividend paid	225,736	-
Net balance receivable-consignment and current accounts	528,184	267,744 *
<b>Associated undertakings</b>		
<b>Fauji Foundation</b>		
Goods sold to the projects	-	664
Balance receivable	867	738 *
Dividend paid	76,713	-
Rent charged	372	338
<b>Actis</b>		
Dividend paid	6,728	-
<b>Pak Kuwait Investment Company (Pvt) Limited</b>		
Repayment of principal portion of loan	22,858	22,858
Financial charges paid	10,212	7,234
Dividend paid	238	-
Loan and financial charges payable	233,580	257,000 *
<b>Pakistan Maroc Phosphore S.A., Morocco (PMP)</b>		
Balance of advance against issue of shares	734,275	734,275 *
<b>Major Supplier</b>		
<b>Maroc Phosphore S.A., Morocco</b>		
Purchase of raw materials	3,059,350	2,654,402
Balance payable	1,164,019	1,077,141 *
<b>Others</b>		
<b>Remuneration to Chief Executive Officer and other executives</b>		
Remuneration including benefits and perquisites of Chief Executive Officer and other executives.		
No of persons 2006 : 1 and 74. (2005 : 1 and 35)	100,713	35,199
<b>Employees' retirement benefits-Company's contribution</b>		
- Provident Fund	5,779	4,399
- Gratuity Fund	5,951	5,354 *

\* Balance of accounts appearing as comparatives are as at December 31, 2005.

**15. General**

- 15.1** The Board of Directors in their meeting held on July 25, 2006 have proposed an interim dividend of Re 0.5 per ordinary share which shall duly be accounted for in the financial statements for the quarter ended September 30, 2006.
- 15.2** Figures have been rounded off to the nearest thousand of rupees, unless stated otherwise.
- 15.3** These financial statements were authorized for issue by the Board of Directors on July 25, 2006.

**CHAIRMAN****CHIEF EXECUTIVE****DIRECTOR**