ANNUAL REPORT

For the year ended Dec 31, 2008

FFBL

Fauji Fertilizer Bin Qasim Limited

The Title Concept

A **RAINDROP** brings freshness and hope. Traveling through the tides and rivers, it ultimately transforms into an **OCEAN**. The same raindrop helps in turning the World green and prosperous.

At **FFBL**, we continue supporting the farmer community to **GROW** more and in turn help the **COUNTRY** achieve **SELF-RELIANCE**.

Highest-ever yearly production

Ammonia: 488,349 Tonnes

Urea: 667,697 Tonnes

DAP: 470,999 Tonnes

Highest-ever earnings after tax

Rs 2.9 Billion

Highest-ever dividend declared

Rs 2.7 Billion

Contribution to the National Exchequer

Rs 2.3 Billion

We earn to payback

CONTENTS

Company Information

Directors	Lt Gen Hamid Rab Nawaz, HI(M), (Retired) ***Chairman*** Lt Gen Anis Ahmed Abbasi, HI(M), (Retired) ***Chief Executive & Managing Director*** Lt Gen Munir Hafiez, HI(M), (Retired) Mr Qaiser Javed Mr Istaqbal Mehdi Brig Arif Rasul Qureshi, SI(M), (Retired) Brig Rahat Khan, SI(M), (Retired) Dr Nadeem Inayat Brig Liaqat Ali, TI(M), (Retired)
Company Secretary	Brig Javed Nasir Khan, SI(M), (Retired)
CFO	Syed Aamir Ahsan
Registered Office	73-Harley Street, Rawalpindi, Pakistan Tel: (051) 9272196-97 (051) 9270923, 5516043 Fax: (051) 9272198-9 E-mail: 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 Registrar	M/s Corplink (Pvt) Limited Wings Arcade,1-K, Commercial, Model Town, Lahore. Tel: (042) 5839182, 5887262 Fax: (042) 5869037

Be the prestigious
market leader in fertilizer
sector by expanding and developing
a diverse product base and bridging
increasing demand for fertilizer with a
view to attaining consistent excellence
in operations, increasing stakeholders'
value and remaining focused on harmonizing the
Company with fresh challenges
by finding other investment opportunities
(inland / offshore) to remain progressive,
flexible and viable.

Corporate Vision

Mission

FFBL is
committed
to remain amongst the best
companies by maintaining the spirit
of excellence through sustained growth
rate in all activities, competitive price, quality
fertilizer, and providing safe and
conducive working environment
for the employees.

Board of Directors

Lt Gen Hamid Rab Nawaz,

HI(M), (Retired)
Chairman

Lt Gen Anis Ahmed Abbasi

HI(M), (Retired)
Chief Executive & Managing Director

Brig Rahat Khan

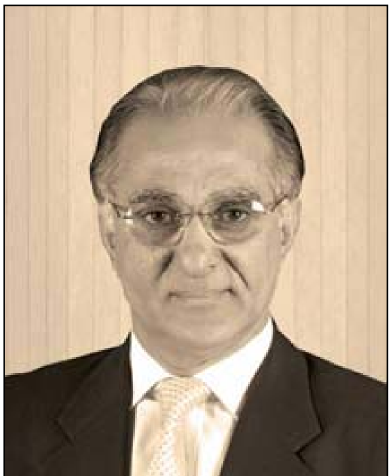
SI(M), (Retired)
Director

Dr. Nadeem Inayat

Director

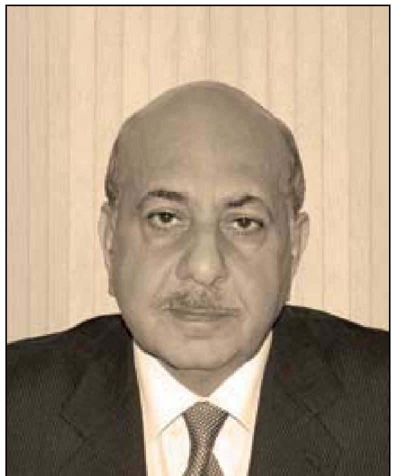
Brig Liaqat Ali

TI(M), (Retired)
Director



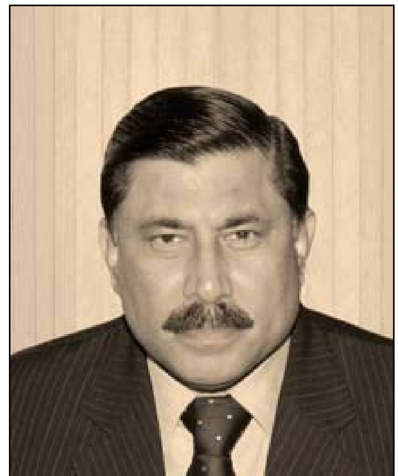
Lt Gen Munir Hafiez

HI(M), (Retired)
Director



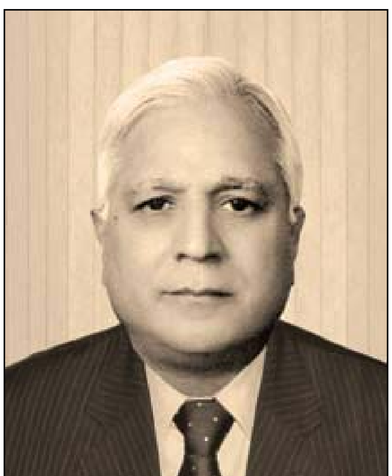
Mr. Qaiser Javed

Director



Brig Arif Rasul Qureshi

SI(M), (Retired)
Director

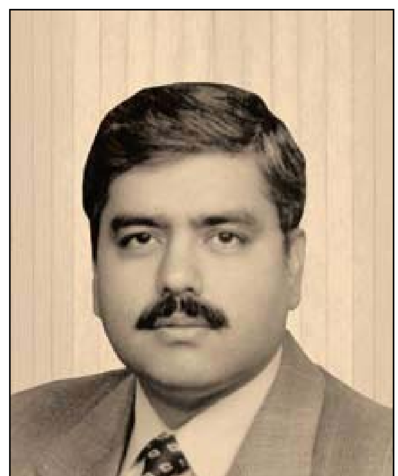


Mr. Istaqbal Mehdi

Director

Brig Javed Nasir Khan

SI(M), (Retired)
Company Secretary



Syed Aamir Ahsan

CFO

Operating Highlights

KEY INDICATORS		2003	2004	2005	2006	2007	2008
Operating							
Gross profit margin	%	22.52	28.44	32.01	31.85	39.39	30.67
Pre tax margin	%	20.62	24.80	27.46	25.54	31.85	16.42
After tax margin	%	23.25	15.97	17.18	16.62	20.75	10.81
Performance							
Return on total assets *	%	3.85	6.25	8.11	7.19	7.40	5.37
Total assets turnover	Times	0.27	0.52	0.58	0.53	0.42	0.57
Fixed assets turnover	Times	0.34	0.79	0.98	0.99	0.74	1.69
Inventory turnover	Days	16	10	24	33	34	61
Return on paid up share capital *	%	8.20	14.73	21.35	21.30	23.02	26.87
Leverage							
Debt Equity Ratio	Times	66 : 34	59:41	57:43	56:44	56:44	49:51
Current Ratio	Times	1.53	1.53	1.46	1.34	1.17	1.09
Quick Ratio	Times	1.19	1.36	1.21	1.15	0.97	0.82
Valuation							
Earnings per share	Rs.	1.31	1.98	2.62	2.62	2.72	3.10
Earning growth	%	(66.41)	51.15	32.32	-	3.82	14.16
Break up value	Rs.	6.60	7.65	8.27	9.14	9.11	11.23
Dividend per share - Interim	Rs.	-	1.00	2.00	1.25	1.50	0.60

* Return represents profit after taxation, excluding net of tax GOP compensation.

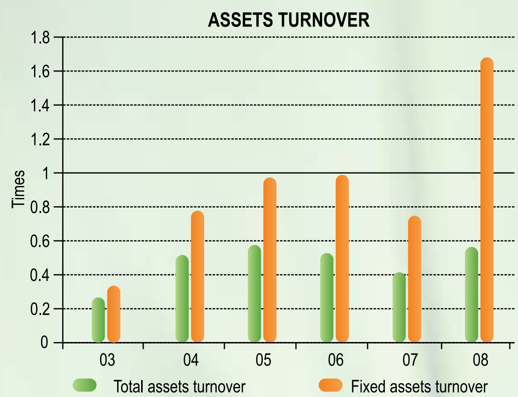
As long as we are green, we are growing

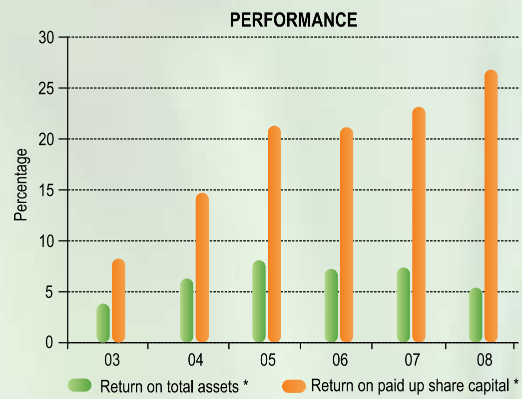
KEY INDICATORS		2003	2004	2005	2006	2007	2008
Valuation							
Dividend per share - Proposed Final **	Rs.	-	-	0.50	1.25	1.00	2.25
Dividend payout ratio ***	%	-	51.01	95.42	95.42	91.90	91.94
Price earning ratio	Times	13.44	15.45	14.56	10.81	15.46	4.16
Market price per share	Rs.	17.60	30.60	38.15	28.30	42.05	12.90
Market capitalisation	Rs. (M)	16,014	28,584	35,636	26,435	39,279	12,050

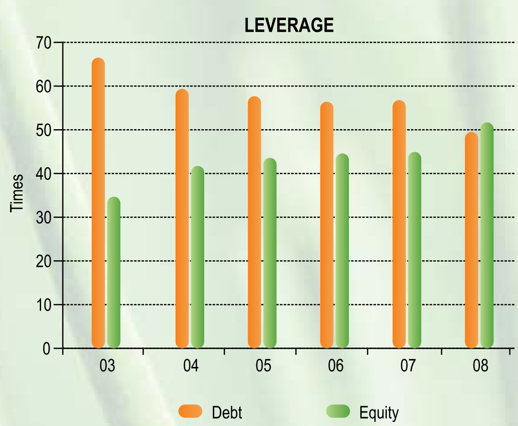
HISTORICAL TRENDS	2003	2004	2005	2006	2007	2008
	Rupees in million					
Trading Results						
Sales - net	5,167	11,462	14,255	14,707	12,243	26,821
Gross profit	1,164	3,261	4,563	4,684	4,823	8,226
Profit before tax	1,065	2,848	3,915	3,757	3,900	4,405
Profit for the period	1,201	1,831	2,449	2,445	2,540	2,900
Financial position						
Shareholders' equity	6,008	7,147	7,728	8,538	8,509	10,486
Property , plant and equipment	15,203	14,539	14,563	14,930	16,458	15,847
Working capital	1,027	2,382	2,922	2,893	1,591	2,273
Non current liabilities	11,408	10,296	10,508	10,714	10,967	10,066

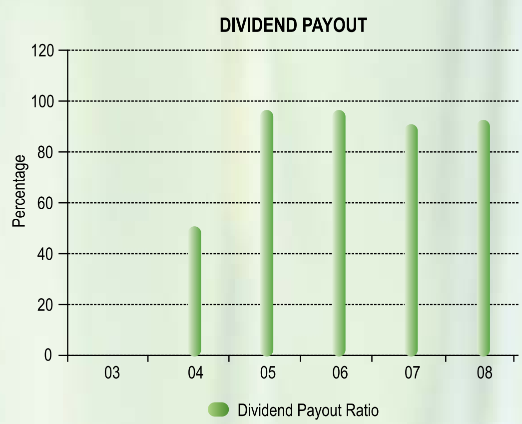
** Post balance sheet event.
*** Including proposed final dividend.

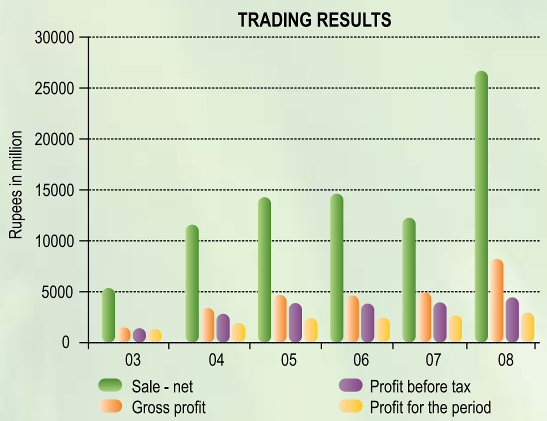
Financial highlights

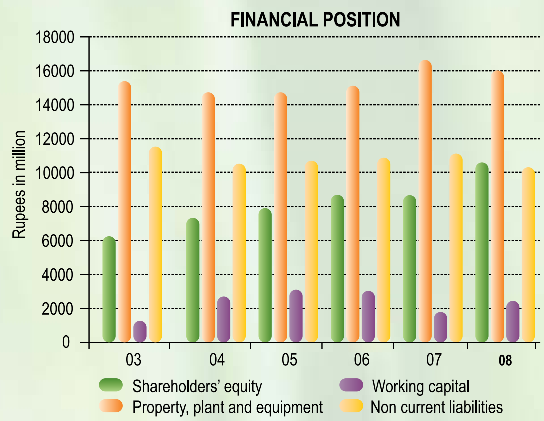


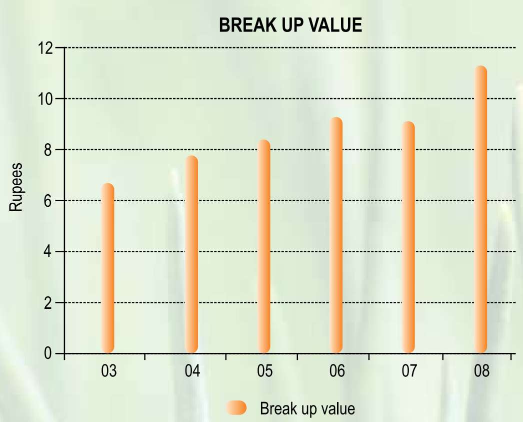


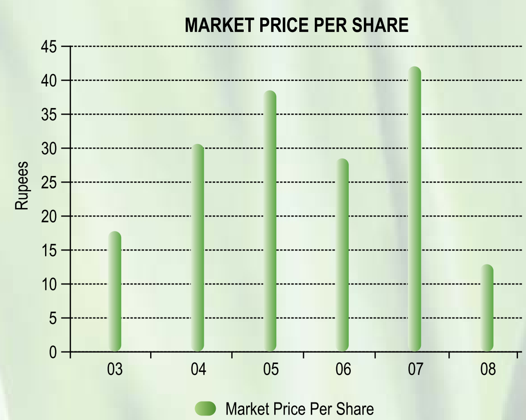





TRADING RESULTS
Rupees in million
30000
25000
20000
15000
10000
5000
0
03
04
05
06
07
08
Sale - net
Gross profit
Profit before tax
Profit for the period


FINANCIAL POSITION
Rupees in million
18000
16000
14000
12000
10000
8000
6000
4000
2000
0
03
04
05
06
07
08
Shareholders' equity
Property, plant and equipment
Working capital
Non current liabilities


BREAK UP VALUE
Rupees
12
10
8
6
4
2
0
03
04
05
06
07
08
Break up value


MARKET PRICE PER SHARE
Rupees
45
40
35
30
25
20
15
10
5
0
03
04
05
06
07
08
Market Price Per Share

A word from our Chief Executive

During the year 2008, our Company faced extraordinary challenges owing to the ongoing economic situation, foreign exchange losses, volatile market and worsened interbank market conditions.

Notwithstanding the stark economic realities at domestic as well as international level, our company has been able to produce good results. It gives me great pleasure to say that the year 2008 exceeded all previous records as our Company's revenue base crossed the impressive tally of Rs 26.82 Billion -- for the first time in our short history!

The credit for our Company's excellent performance is a result of consistent endeavors by our dedicated employees. Their unwavering input towards achieving excellence in all operational spheres provides us further assurance for positive growth of the Company in the future.

It is with innovative approach, resilience and out of box response to daunting challenges of today, which will certainly lead us through the year 2009 successfully and to achieve even better results.

Our belief is anchored in consistency in our conduct and policies and above all, in delivering on our commitments. This is fully validated and endorsed by the trust and confidence posed in us by our agrarian partners. By the grace of God, we have been able to earn the reputation of an organized and disciplined outfit by adhering to our guiding principles in every strategy.

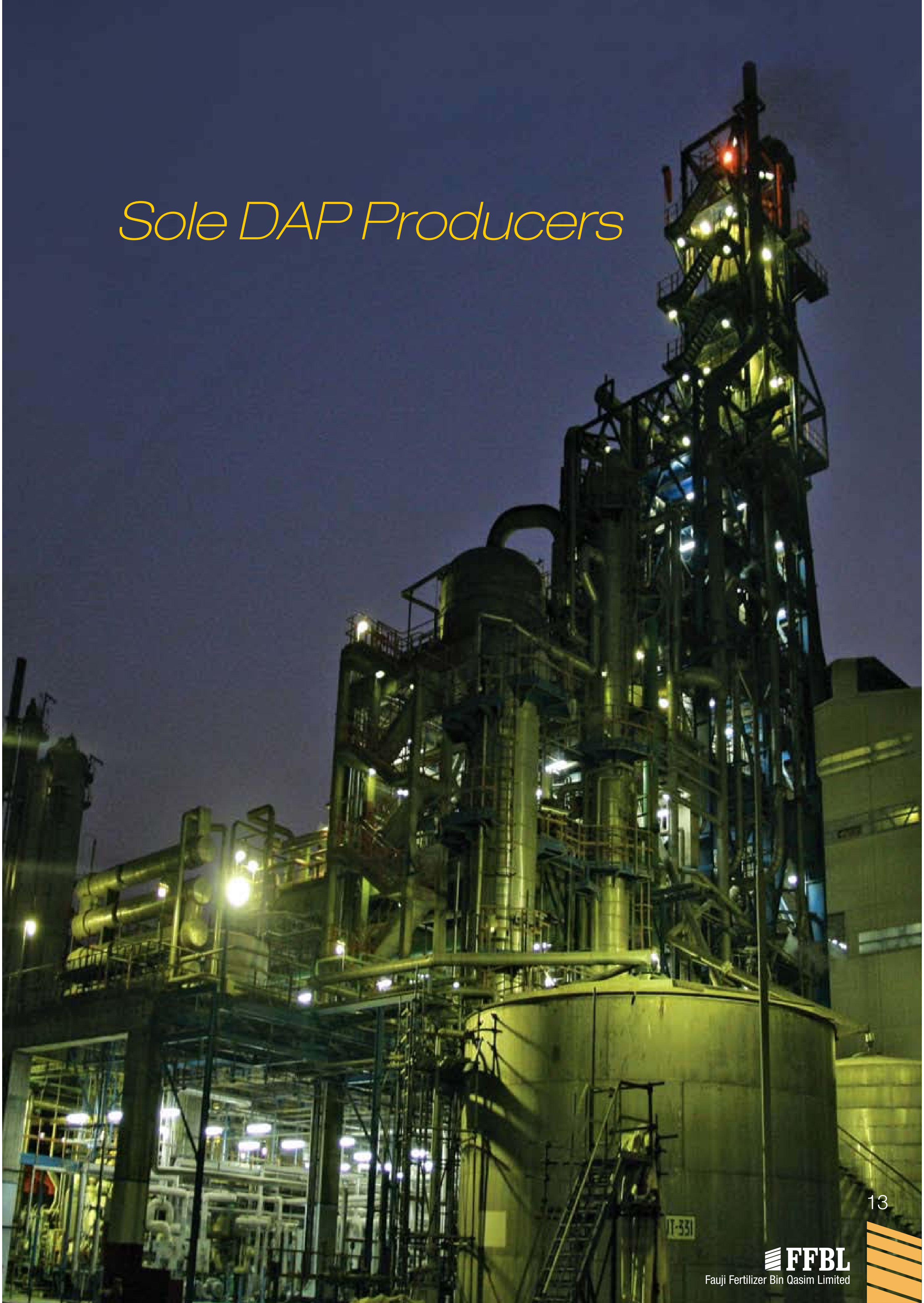
The year under review was yet another vibrant year as our first ever offshore project in Morocco started production of raw material, being used in the manufacturing of DAP fertilizer at our plant in Pakistan. This Endeavour will soon translate into greater returns for our shareholders as well, INSHAALLAH.

I am immensely proud of Company's human capital for demonstrating commitment and for consistently delivering outstanding performance. In the end, let me reiterate that the Company will invest all of its energy to ultimately contribute towards the common goal – a prosperous Pakistan.

May Allah bestow the strength on us to continue our success, AAMEEN !

Lt Gen Anis Ahmed Abbasi (Retired)
Chief Executive & Managing Director

Sole DAP Producers



Notice of Annual General Meeting

Notice is hereby given that the 15th Annual General Meeting of the shareholders of Fauji Fertilizer Bin Qasim Limited will be held on March 19, 2009 at Pearl Continental Hotel, Rawalpindi, at 1100 hrs to transact the following business:

Ordinary Business

1. To confirm minutes of 14th Annual General Meeting held on Feb 27, 2008.
2. To receive, consider and adopt the Audited Accounts of the Company together with the Directors' and the Auditors' Reports for the year ended December 31, 2008.
3. To appoint Auditor(s) of the Company for the year 2009 and fix their remuneration.
4. To approve payment of Final Dividend for the year ended December 31, 2008 as recommended by the Board of Directors.
5. Any other business with the permission of the Chairman.

By Order of the Board
Fauji Fertilizer Bin Qasim Limited

Rawalpindi
February 25, 2009

Brig Javed Nasir Khan (Retired)
Company Secretary

NOTES

1. Share transfer books of the Company will remain closed from 14 to 20 March 2009 (both days inclusive).
2. A member of the Company entitled to attend and vote at AGM may appoint a person/representative as proxy to attend and vote in place of member at the meeting. Proxies in order to be effective must be received at Company's Registered Office, 73-Harley Street, Rawalpindi not later than 48 hours before the time of holding meeting.
3. The CDC account/sub account holders are requested to bring with them their National ID Cards alongwith participant(s) ID numbers and their account numbers at the time of attending the AGM in order to facilitate identification of the respective shareholders. In case of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signatures be produced at the time of meeting.
4. Pursuant to SECP's S.R.O. 865(I)/2000, a statement explaining the reasons for not investing in Foundation Power Company (Daharki) Limited is being sent to the shareholders.

Statement under Section 160(1) of the Companies Ordinance, 1984

In the Annual General Meeting of the Company held on 27 February 2007, the shareholders had approved the investment of Rs.1.5 Billion in Foundation Power Company (Daharki) Limited ("FPCDL"), an associated company. Thereafter, a revised financial structure for FPCDL was agreed among FPCDL, Fauji Foundation, Asian Development Bank and the lenders, as a result of which an offshore company has been established to hold 100% of the equity of FPCDL. As a result, the Company is no more required to invest in FPCDL.

Directors' Report

We in the year 2008

The Directors are pleased to present 15th Annual Report alongwith audited Financial Statements of the Company and the Auditors' report thereon for the year ended December 31, 2008.

National Economy

Year 2008 had been one of the most turbulent years having adverse effects on the global economic history, resulting in collapse of the World leading financial institutions and surge in the global commodity prices.

The biggest challenge facing Pakistan is the unprecedented price variations, wherein inflation number has not tapered-off despite global meltdown in commodity prices. The persistent inflationary pressures are expected to continue due to removal of subsidies from electricity and gas. A consistent rise in energy cost is adding on to the inflationary pressures and we do not expect inflation numbers to ease up in near future. Moreover, our economy is faced with other challenges like, fast depleting foreign exchange reserves, eroding value of Pak Rupee against foreign currencies, particularly against US Dollar, drying up of investment inflows, widening trade and current account deficits and law and order situation.

Way Forward

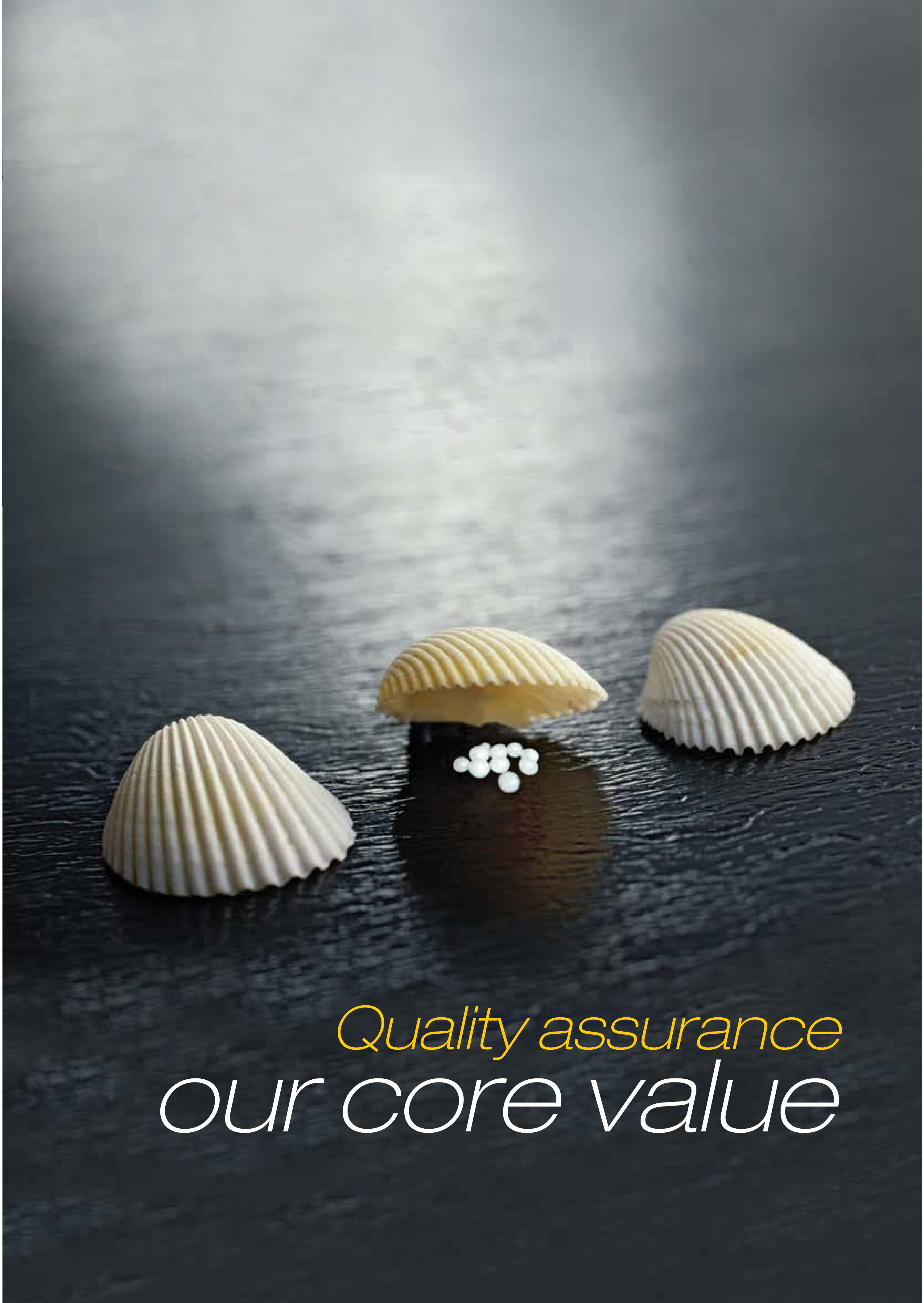
Pakistan is a net importer country with major contribution towards payment of oil bill. Since global commodity prices are declining, it is likely to have a positive impact on Country's balance of trade and payments position going forward.

Agriculture sector plays the most important role in growth of Pakistan's economy. We are blessed with abundant agriculture potential and serious efforts / measures are needed to exploit this potential to raise the yields, so as to bridge the massive gap between imports and exports.

Company Performance

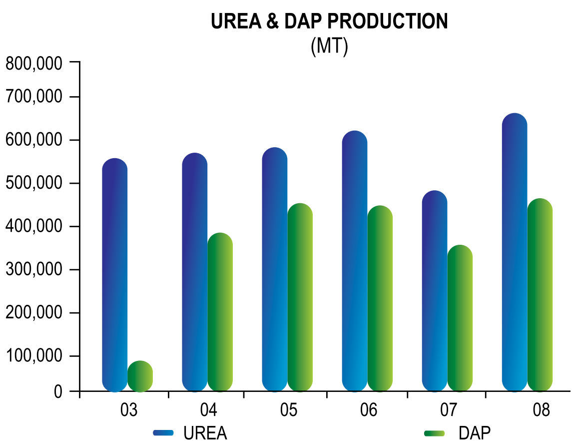
The adverse factors facing the Economy also affected Company's performance for the year 2008, despite the fact that Company achieved the best results in its history under an extremely tough financial and sales environment during the year. After completion of Ammonia Plant BMR in year 2007 and witnessing successful completion of DAP plant revamp project during first quarter of the current year, the Company had the potential to produce even better results than achieved. However, the DAP sales target was not achieved due to significant up-surge in phosphoric acid prices, substantial devaluation of Pak Rupee against other currencies, delay in receipt of DAP subsidy claim from GOP, and very high interest rates over much needed short term borrowings.

Notwithstanding these factors, arrangement of funds from financial institutions was itself a good job done by the management of the Company.



Quality assurance our core value

Directors' Report



Operational highlights

The Company achieved the following operational milestones in the Year 2008:

Highest-ever daily production

Ammonia	-	1,610 Tonnes on 13 Nov 2008
DAP	-	2,383 Tonnes on 24 Sep 2008

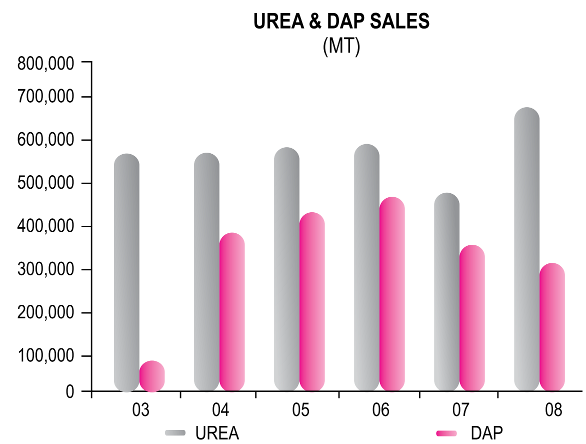
Highest-ever monthly production

Ammonia	-	47,031 Tonnes in Oct
DAP	-	59,436 Tonnes in Dec

Highest-ever yearly production

Ammonia	-	488,349 Tonnes
Urea	-	667,697 Tonnes
DAP	-	470,999 Tonnes

Revamp of DAP plant was completed ahead of schedule by seven days, in March 2008 achieving successful design production from 1,350 Tonnes per day to 2,232 Tonnes per day. Ammonia, Urea and DAP production during the year was better than the last year by 35%, 37% and 32%, respectively. DAP production, however, remained lower than the target by 16% due to varying acid composition, certain revamp issues and curtailment of natural gas supply by SSGC on number of occasions due to field maintenance and higher domestic demand.



Marketing highlights

International Fertilizer Market Situation

Year 2008 was an unusual year for the prices of finished fertilizers and raw materials in the international market. The quantum jump in the prices of Urea, DAP, Sulphur and Phosphoric acid during the early part of the year had an extreme bullish run. Simultaneous happenings of many events / factors were the major source of an abnormal sudden rise in the international market, touching unusual new levels. These factors were, shortage of food grains in the international market, drought in many African countries, failed agricultural policies in a vast majority of countries, increased production of biofuels, imposition of export tax on fertilizers by China and the shortage of vessels to carry fertilizers around the World. Towards the end of third quarter, the bullish run of the fertilizers and raw materials prices took a U-turn, as such declining at a pace faster than the earlier rise.

The reverse drive of the fertilizer market since September 2008 and likely spill over into 2009, is driven essentially by the major slowdown in demand growth in 2008, coupled with a much tighter access to financing due to unprecedented combination of global financial turmoil with major World economies and trade blocks moving into recession, erosion in crop prices and a near collapse in Sulphur values. The sharp decline in the price is enormous and production cuts

Directors' Report

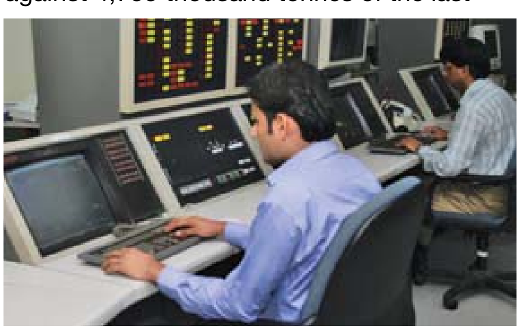
have started to set in with foremost affectees like, USA and Former Soviet Union. The price recovery in the international market seems an uphill task in the near future, as China has also adjusted the export taxes downwards. Even if the demand picks up in the coming months, the additional product from China is likely to make up the short fall.

Domestic Market

Urea

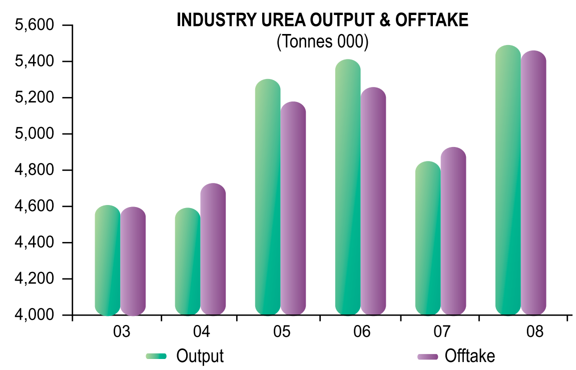
The domestic market have also closely followed the trends of the international market, wherein the fertilizer prices remained bullish and high. Industry Urea sales in the domestic market were unusually high during 2008. The year witnessed exceptional growth and the fears of limited availability with less than required imports by the Government, added fuel to the already higher demand thus creating a snowball effect. The imports by the Government were however, untimely and insufficient. Urea sales during 2008 were 11% higher than 2007. The higher Urea prices in the international market and subsidized rates in the domestic market accrued significant price advantage for smuggling of the product, which resulted in exacerbating the already tight supply situation.

The industry witnessed an opening inventory of 159 thousand tonnes at start of year 2008 i.e, 32% less than 233 thousand tonnes opening inventory of year 2007. Industry Urea production during the year was about 4,978 thousand tonnes, as against 4,755 thousand tonnes of the last



year i.e, a growth by 4.7%. Urea sales during the year were 5,454 thousand tonnes as against 4,918 thousand tonnes of the last year. The closing inventory at end 2008 is estimated at 165 thousand tonnes, against 159 thousand tonnes of 2007 i.e, an increase by 4%, thereby depicting a marginal increase in the availability.

The higher demand and lower availability gave significant rise to the prices in the domestic market, as such attracting negative publicity in the press and electronic media. In order to ward-off the concern, the Government initiated certain stringent measures, including checking the hoarding of the product. The law enforcing agencies were tasked to closely monitor fertilizer movement with the instructions to arrest the hoarders, confiscate their product and sell directly to the farmers. Finally, GOP issued a directive



to all Urea manufacturers to apportion 50% of their respective production to National Fertilizer Marketing Limited (NFML) from 20th December 2008 till 28th February 2009, for onward distribution.

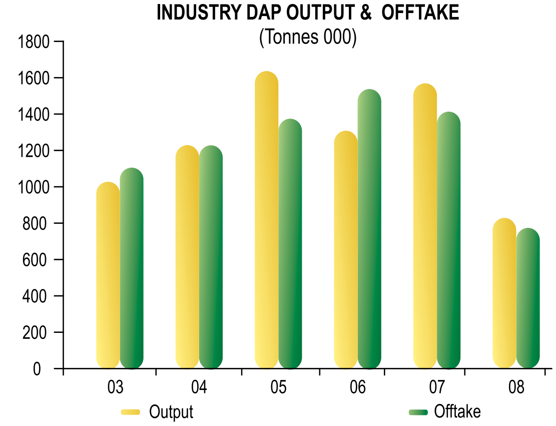
The Urea market remained bullish till end of the year. The net increase in Urea prices during 2008 was Rs 102/- per bag on account of increase in fuel & feed gas price and to cover the increased production costs resulting from the high inflation. Urea prices were however, reduced by Rs 15/- per bag due to removal of GST on fertilizers by the GOP.

DAP

Unlike the Urea market, which remained quite attractive for the dealers, the domestic DAP market was badly affected by the increasing prices of raw materials, especially sulphur and phosphoric acid, coupled with the prices of finished product in the international market. Moreover, due to uncertainty in the local market over DAP pricing and related subsidy by GOP, Sona DAP sales were badly affected, therefore, the product was warehoused from March to September 2008. The prices in the domestic market, although lower than the landed cost of the imported DAP, were still quite high for the farmers who were not ready to accept the product at higher rates, and were expecting a downward revision. The whole scenario brought the DAP sales to a very low level in the domestic market. International DAP prices during 2008 touched an all time high price of US$ 1,230 per ton (FOB ex-US Gulf) in the month of May.

Realising the criticality of the situation, GOP announced an increase in DAP subsidy from Rs 470 to Rs 2,200 per bag in September 2008 to be effective July 1, 2008. Though delayed, yet this was an important step taken

INDUSTRY DAP OUTPUT & OFFTAKE
(Tonnes 000)



Directors' Report

by the Government in the right direction, coupled with timely announcement of substantial increase in wheat support price from Rs. 625 to Rs 950 per 40 Kgs. However, the positive steps taken by the Government were undermined due to severe liquidity problems faced by the farmers, wherein the Kharif crops, particularly Rice and Cotton were not sold as desired, due to continuous decline in prices in the International market.

FFBL, being the sole producer and leading player in the DAP market, had to bear the major impact, as such carrying significantly high inventories at the year end.

DAP opening inventory at 276 thousand tonnes of the year 2008 was 132% higher than 119 thousand tonnes inventory at the start of 2007. Our DAP production during 2008 was 470 thousand tonnes. Industry DAP imports were estimated to be 352 thousand tonnes i.e, 71% lower than 1,200 thousand tonnes imports in the last year. Industry DAP sales for the year are estimated to be 773 thousand tonnes, as against 1,399 thousand tonnes during the last year i.e, a decline of 45%. At the year end estimated DAP inventory in the Country was 336 thousand tonnes i.e, 22% higher against 276 thousand tonnes inventory of the last year. Domestic market witnessed a price increase of around Rs. 1,790 per bag during the period Jan-Sep 2008, which resulted in price decline by private importers and some marketing companies. The lower than usual DAP and phosphatic fertilizers sales had negative impact on the fertilizer industry, which had to carry very large inventory. The low consumption / application of phosphatic fertilizers is likely to have far-reaching consequences on the Country's agriculture.

Sales Performance

- During 2008 Sona Urea (G) sales were 686 thousand tonnes, the highest ever and Sona DAP sales were 307 thousand tonnes, showing an achievement of 111% and 56% against respective targets.
- FFBL imported Urea sales during the year were 12 thousand tonnes.
- Sona Urea (G) sales of 686 thousand tonnes during the year, were 45% higher than 474 thousand tonnes sales of the last year, whereas DAP sales of 307 thousand tonnes remained 13% lower than 352 thousand tonnes sales of 2007.
- Company's Urea and DAP market share during 2008 is 13% and 40%, respectively.
- Yearly shipments of 1,130 thousand tonnes for Sona Urea (G) and Sona DAP were achieved for the first time.

Pakistan's Agri Production Profile

Pakistan's principal natural resources are arable land and water. About 25% of Pakistan's total land area is under cultivation and is watered by one of the largest irrigation systems in the world. Agriculture accounts for about 23% of GDP and employs about 44% of the labour force.

Production figures of agriculture items		
Wheat	:	23.52 MT
Sugar Cane	:	54.75 MT
Rice	:	8.30 MT
Cotton	:	12.1* Millon Bales

World Ranking			
Apricot	(4th)	Cotton	(4th)
Sugarcane	(4th)	Onion	(5th)
Date Palm	(6th)	Mango	(7th)
Rice	(8th)	Wheat	(9th)
Oranges	(10th)		

Pakistan ranks 5th in the Muslim World and 20th worldwide in farm output.

* ESTIMATED PRODUCTION DURING 2008

Directors' Report

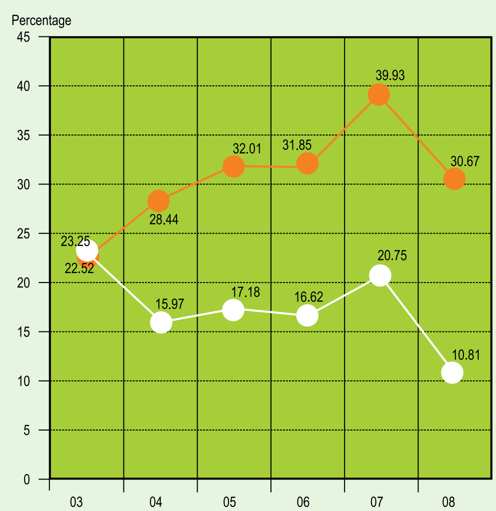
Financial Highlights

The summary of key financial results amply depicts the Company's outstanding performance, as compared to Year 2007:

By the grace of Almighty Allah, the Company has earned the highest-ever profit after tax, as summarized below:-

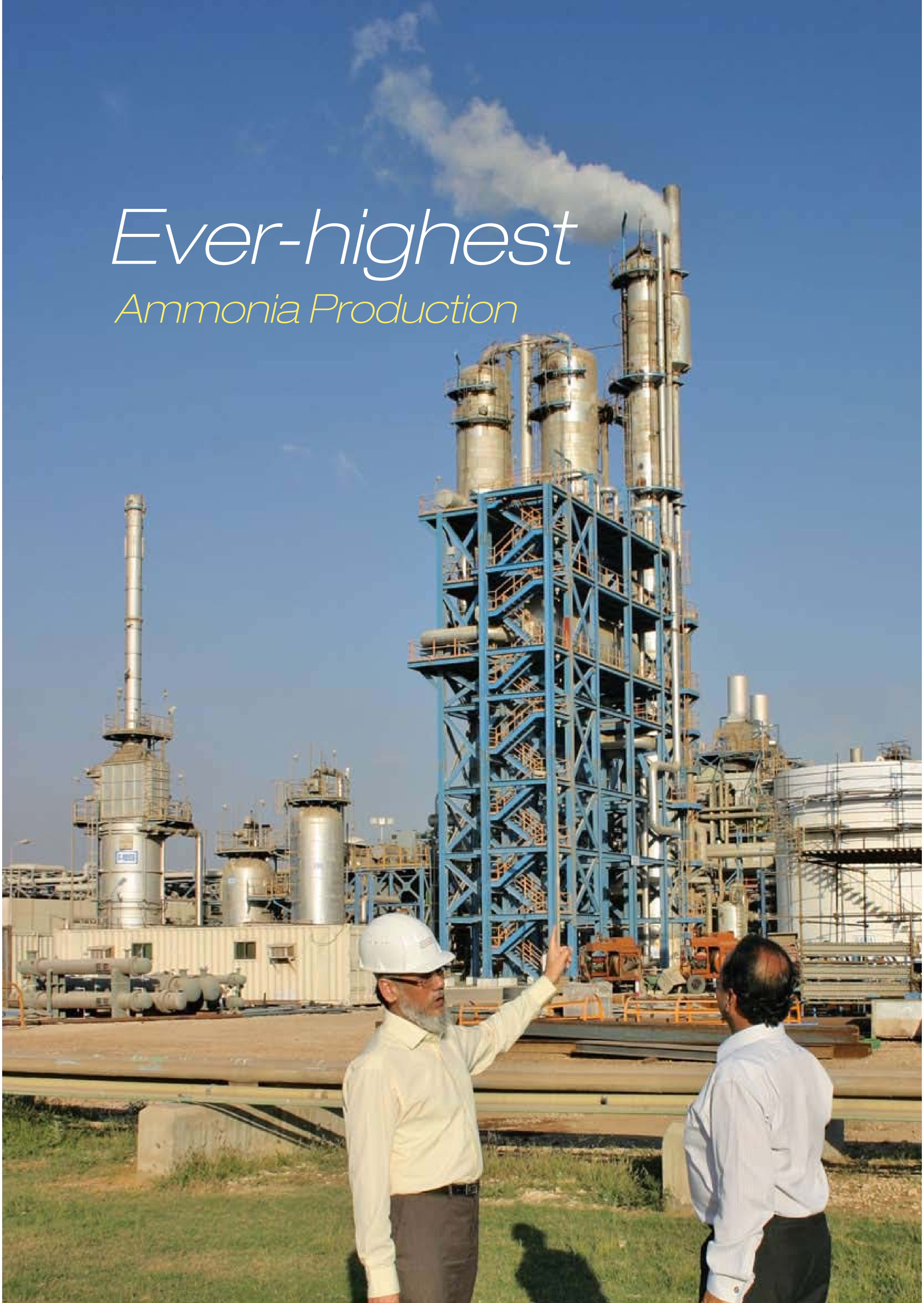
	2008	2007
	(Rs in millions)	(Rs in millions)
Sales – net	26,821	12,243
Gross profit	8,226	4,823
Profit before tax	4,405	3,900
Net profit after tax	2,900	2,540
Earnings per share - EPS (Rs)	3.10	2.72

GROSS AND NET PROFIT MARGINS



Ever-highest

Ammonia Production



Presentation of **Financial Statements**

Presentation of Financial Statements

Financial statements prepared by the management present fairly and accurately the Company's state of affairs, results of its operations, cash flows and changes in equity.

Accounting Policies

- Accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- Proper books of accounts have been maintained.
- International Accounting Standards as applicable in Pakistan have been followed in the preparation of financial statements.
- Transactions undertaken with related parties during the financial year are ratified by the Audit Committee and then approved by the Board of Directors. Amounts or appropriate proportions of outstanding items pertaining to the related parties and provision for doubtful debts and receivables from such parties, as at the balance sheet date, are disclosed in the financial statements.

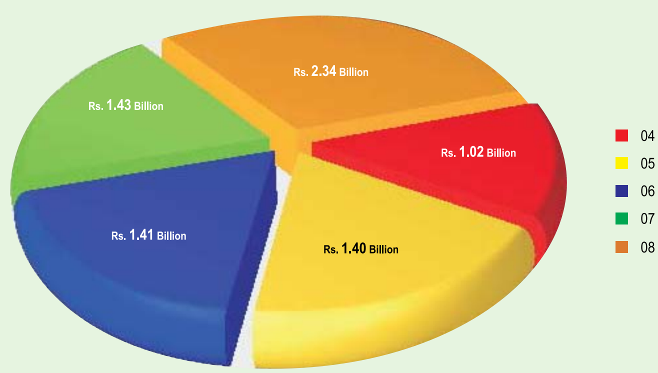
Key Financial Data

Key operating and financial data of the last six years is attached to the annual report.

Contribution to National Exchequer

During the year, the Company has contributed an amount of Rs 2,344 million, as against Rs. 1,425 million in 2007, towards the National Exchequer on account of Government levies, taxes and import duties, etc.

CONTRIBUTION TO NATIONAL EXCHEQUER



Financial
Reporting

The Chief Executive & Managing Director and CFO declare in writing to the Board that the Company's financial statements for the year under review present a true and fair view, in all material respects of the Company's financial condition and operational results and are in accordance with the relevant accounting standards.

Dividend Distribution

The Company paid the following dividends in the year:-

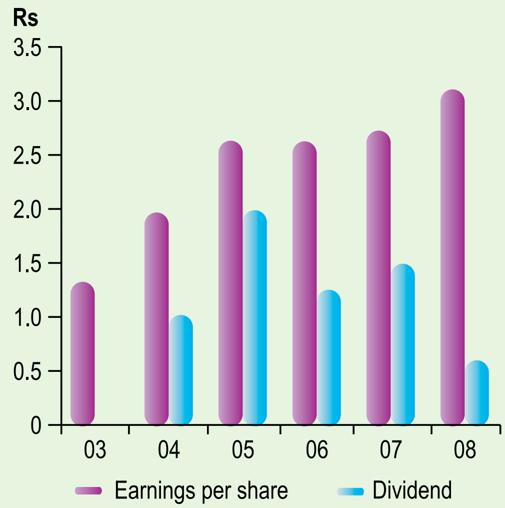
- Final dividend @ Rs 1 / share for year 2007.
- First interim dividend @ Re 0.60 / share in the second quarter 2008.
- Final dividend @ Rs 2.25 / share for the year 2008.

Corporate Governance

The Company complies with the Code of Corporate Governance as contained in the listing regulations of the Stock Exchanges. The Board's primary role is to protect and enhance long term Shareholders' value. To fulfill the same it is responsible for the overall corporate governance of the Company including approving and monitoring the capital expenditure, giving strategic direction, appointing, removing and creating succession policies for directors and senior management, defining and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems. It is also responsible for approving and monitoring financial and other reporting. The Board has formally delegated responsibility for administration and operation of the Company to the Chief Executive & Managing Director. Following committees have also been constituted which work under the guidance of the Board of Directors:-

- Audit Committee.
- Technical Committee.
- Human Resource Committee.

DIVIDEND & EARNINGS PER SHARE



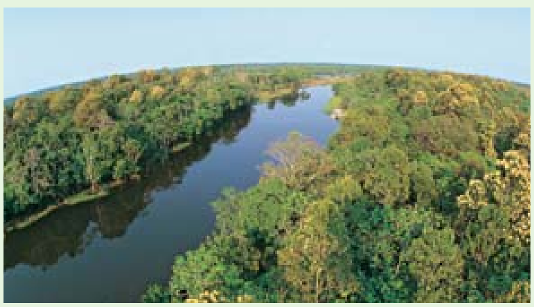
Code of Conduct

The Company has advised each director, manager and employee that they must comply with the Corporate Code of Conduct and Ethics Policy.

Internal Control System

Company's system of internal control is sound in design, effectively implemented and is being monitored continuously. It is primarily designed to check the effectiveness and proficiency level of operations, reliability of financial reporting and compliance of applicable laws and regulations. A conscious evaluation of the nature and extent of the risk to which

Directors' Report



company may expose, is being regularly monitored for improvement. Instrument of morning meetings, twice a week at Head Office and daily at Plantsite is being applied by the top management to watch and exercise a desirable level of control on all activities of the Company.

Auditors

Present auditors, Messrs KPMG Taseer Hadi & Company, Chartered Accountants, retired and offered themselves for re-appointment. The Audit Committee recommended their re-appointment for the year 2009 on mutually agreed terms and conditions.

Assessment of Effectiveness of Risk Management

The Board is ultimately responsible for the system of internal control for reviewing its effectiveness through Internal Auditors. Audit Committee of the Board reviews reports on the system of internal financial controls, initiated by the external and internal auditors for effective monitoring. The head of Internal Audit reports directly to the Audit Committee on the results of its work. Audit Committee is responsible for approving the programme of internal audit activities to be conducted each financial year and scope of the work to be performed on a regular basis.

Environment, Health and Safety

At FFBL, environment, health and safety are considered at par with productivity, quality and profitability. Therefore, overall performance of the plant in these areas remained excellent.

Shareholders' Information

To update shareholders about the operations, growth and state of affairs of the Company, the management promptly disseminates all material information, including announcement of interim and final results to the stock exchanges. Quarterly, half yearly, and annual financial statements are accordingly circulated within stipulated timeframe to all concerned. Similarly, notices and announcements of dividend are transmitted to all stakeholders and regulators within the time, laid down in the code of corporate governance, the Companies Ordinance 1984 and listing regulations of stock exchanges. The same are also uploaded on website of the Company.

Shareholding Pattern

Company shares are quoted on all three stock exchanges of Pakistan i.e, Karachi, Lahore and Islamabad exchanges. A total of 986.87 million company shares were traded only on the Karachi stock market during the year.

About 81 % of the total shares outstanding were closely held by the sponsors, investment companies, financial institution and other corporate bodies. About 1.24 % shares were kept by foreign shareholders.

The detailed pattern of share holding, required under the listing regulation, has been annexed to the annual report.

Trading in Company Shares

The key elements of policy for trading in Company shares by Chief Executive (CE), Directors, Executives or their spouses are:-

- CE, Directors and Executives of the Company or their spouses may acquire shares, but are prohibited from dealing in Company shares.
- If CE, any Director, Executives or their spouses sell, buy or take any position, whether directly or indirectly, in the shares of the Company, he/they will notify in writing within four days of affecting the transaction to the Company Secretary of their/his intention along with record of price, number of shares, form of shares certificates and nature of transaction.
- No Director, CE or Executive shall, directly or indirectly, deal in the shares of the Company in any manner during the closed period as determined by the Company prior to the announcement of interim / final results and any business decisions which may affect the market price of the Company's share.
- Directors, Chief Executive, CFO, Company Secretary, their spouses and minor children did not trade in Company's shares during the year.

Directors' Report

Employees Retirement Benefits

Value of investments of Provident and Gratuity Funds as on December 31, 2008 (un-audited) is as under:-

	(Rs in million) 2008	2007
Provident Fund	204	233
Gratuity Fund	76	67

Relations with Personnel and Community

The company is committed to have a high caliber team with a zeal for winning by maintaining corporate culture, recognition of talent and performance to benefit from the collective efforts and dedication of all its employees. Relationship amongst the Company, its employees and the community continues to be extremely cordial, based on mutual respect and confidence, contributing to the optimum efficiency. Industrial Peace Agreement between the management and Collective Bargaining Agent (CBA) of Employees Union was signed on 25 July 2008 for another two years, to the satisfaction of both parties and harmonious functioning of the plant.

FFBL
An Icon of Excellence

Best Corporate Report Awards – 2007

It is a matter of great honour for Fauji Fertilizer Bin Qasim Limited (FFBL) to be among top FIVE companies for the first time in the category of Chemical & Fertilizer sector for producing outstanding corporate Annual Report - 2007.

These awards are adjudged by a joint committee of the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) every year, to recognize the best annual reports of the companies in terms of accuracy, transparency, usefulness and speed of financial and other disclosures made for all stakeholders in company's Annual Report.

The award distribution ceremony for the Best Corporate Report Awards-2007 was held on July 25 , 2008 at Karachi. Dr Ishrat Hussain, Dean and Director, Institute of Business Administration Karachi, was the chief guest.

An ISO 9001, 14001 & 18001 Certified Company

Directors' Report

Board of Directors

The Board exercises the powers conferred to it by the Code of Corporate Governance, the Companies Ordinance, 1984 and the Memorandum and Articles of Association of the Company, through Board meetings, which are held in every quarter for reviewing and approving the adoption of Company's financial statements, coupled with review and adoption of Business plan.

During the year, five meetings of Board of Directors were held with the attendance as under:-

	No of Meetings	
Lt Gen Syed Arif Hasan (Retd)	5	Resigned with effect from 28 Dec 08
Lt Gen Anis Ahmed Abbasi (Retd)	5	
Lt Gen Munir Hafiez (Retd)	4	
Mr. Qaiser Javed	4	
Mr. Istaqbal Mehdi	1	
Brig Arif Rasul Qureshi (Retd)	5	
Brig Rahat Khan (Retd)	3	
Dr Nadeem Inayat	5	
Brig Aslam Paunwar Khan (Retd)	4	Resigned with effect from 1 Dec 08
Brig Liaqat Ali (Retd)	1	Appointed with effect from 1 Dec 08

Vacation of Directors

The Board places on record their appreciations for the valuable services rendered by the outgoing Chairman, Lt Gen Syed Arif Hasan, HI(M), (Retd), for his contribution and visionary approach, which would hopefully go a long way in strengthening the Company's economics. The Board also appreciates the services of Brig Aslam Paunwar Khan, SI(M) (Retd) towards the Company.
The Board unanimously welcomes Lt Gen Hamid Rab Nawaz, HI(M), (Retd) as new Chairman and hope that the Company will prosper further under his able guidance. Board also extends welcome to Brig Liaqat Ali (Retd) as fellow Board member and looks forward to working in harmony towards future growth and prosperity of the Company.

Board Committees

Audit Committee

The Committee comprises four members including its Chairman. All members are non-executive directors. The Committee meets at least once every quarter of the financial year. It reviews Company's interim

The matter is not where we stand, but in what direction we are moving

and annual financial results, business plans and internal audit department reports, prior to the approval by Board of Directors. It also recommends to the Board the appointment of external auditors and advises on the establishment and maintenance of the framework of internal control and appropriate ethical standards for the management of the Company.

During the year, five meetings of the Audit Committee were held, attendance by the members was as follows:-

	No of Meetings
Mr Qaiser Javed	5
Brig Rahat Khan (Retd)	4
Brig Arif Rasul Qureshi (Retd)	4
Dr Nadeem Inayat	3

Technical Committee

This Committee comprises 3 members including its Chairman. All members are non-executive directors. It reviews all technical matters pertaining to the plant operations and capital expenditure of the Company.

During the year, five meetings of the Technical Committee were held, attendance by the members was as follows:-

	No of Meetings
Brig Arif Rasul Qureshi (Retd)	5
Brig Rahat Khan (Retd)	3
Dr Nadeem Inayat	5

Human Resource Committee

This Committee comprises 3 members including its Chairman. All members are non-executive directors. It reviews all HR related matters of the Company.

During the year, one meeting of the HR Committee was held, attended by all the members, mentioned follows:-

Mr. Istaqbal Mehdi
Dr Nadeem Inayat
Brig Aslam Paunwar Khan (Retd)

Business Challenges and Future Outlook

The year 2008, being rightly called as the year of “Financial Tsunami” in Global Economy, has come to an end. As we move forward in year 2009, we anticipate that the increasing likelihood of prolonged global downturn will continue to dominate market perceptions, exerting further downward pressure on commodities, including fertilizers.

Our Company, like all others, is also likely to be confronted with tough challenges, yet we are confident to tackle the difficult situation successfully and continue delivering our best under the present circumstances, accomplishing Company’s business objectives.

Directors' Report

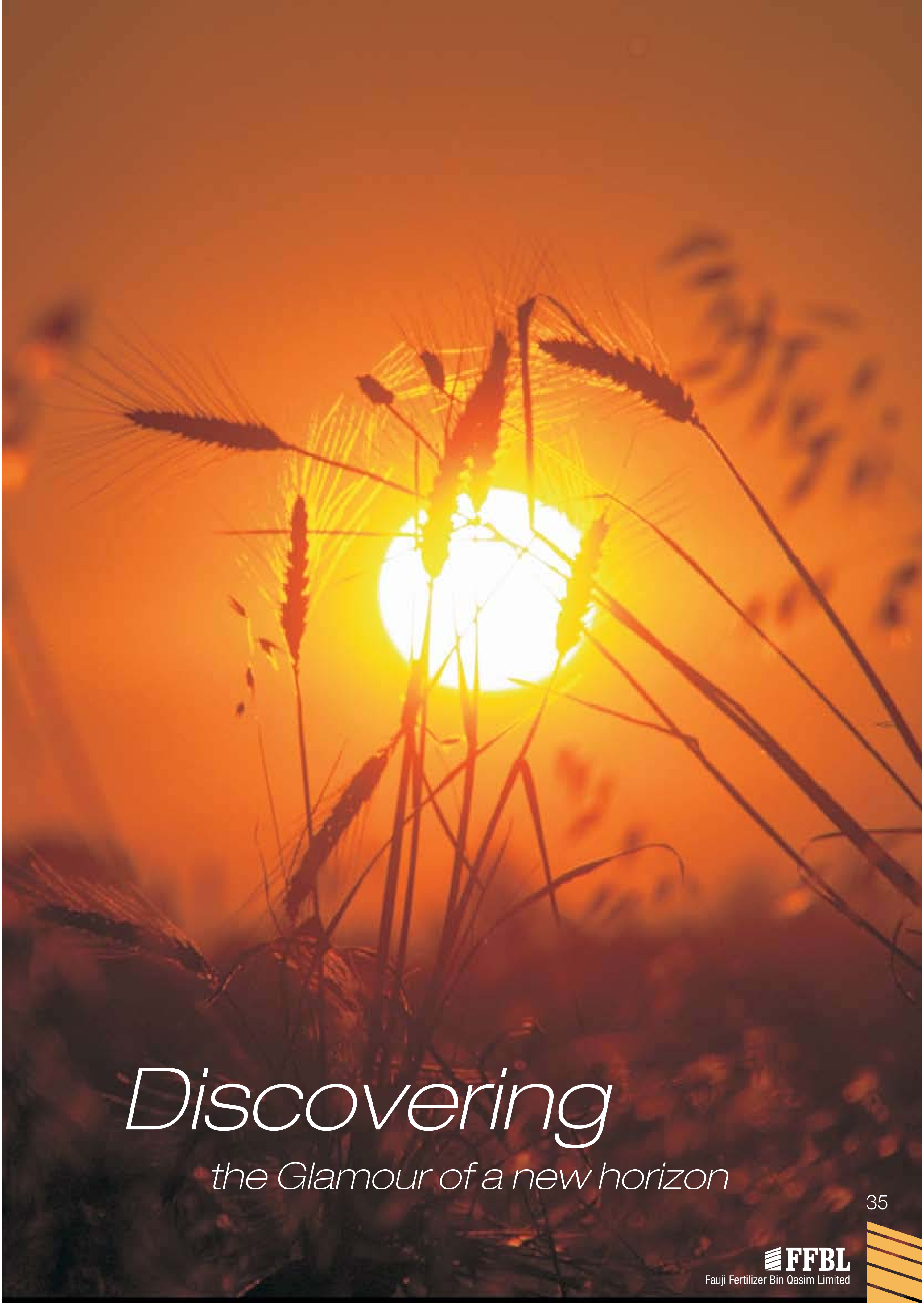
Pakistan Maroc Phosphore, SA (PMP)

It is quite heartening to note that the project commissioning has successfully been accomplished at Jorf Lasfar (Morocco) with commercial production commencing April 2008. The first shipment of Phosphoric acid to FFBL sailed from Jorf Lasfar, Morocco on 15 May 2008. Total of 18 shipments, carrying 304,973 MT Phosphoric acid have been dispatched to FFBL during the year.

PMP is a long term reliable source of phosphoric acid and financial returns in foreign currency, thereby diversifying the FFBL's revenue streams. This is the first offshore direct investment by FFBL with the potential to attract reciprocal Moroccan investment in Pakistan.

The Plant is performing at design capacities, meeting total requirement of FFBL DAP plant. Completion of the project in record time and within the budgeted costs despite significant rising trends, is indeed a source of inspiration for FFBL. This project is being termed as one of the best in the history of projects in Morocco.

The plant was inaugurated by His Majesty, the King Mohamed VI of Morocco on 30 Oct 08. Dignitaries from both the countries participated in the ceremony.



Discovering

the Glamour of a new horizon

His Majesty, the King Mohamed VI

Inaugurating PMP Plant at Morocco

Directors' Report

Acknowledgements

The Company's outstanding performance during the year 2008 would not have been possible without the dedication, hard work, enterprising spirit and enthusiasm of its employees.

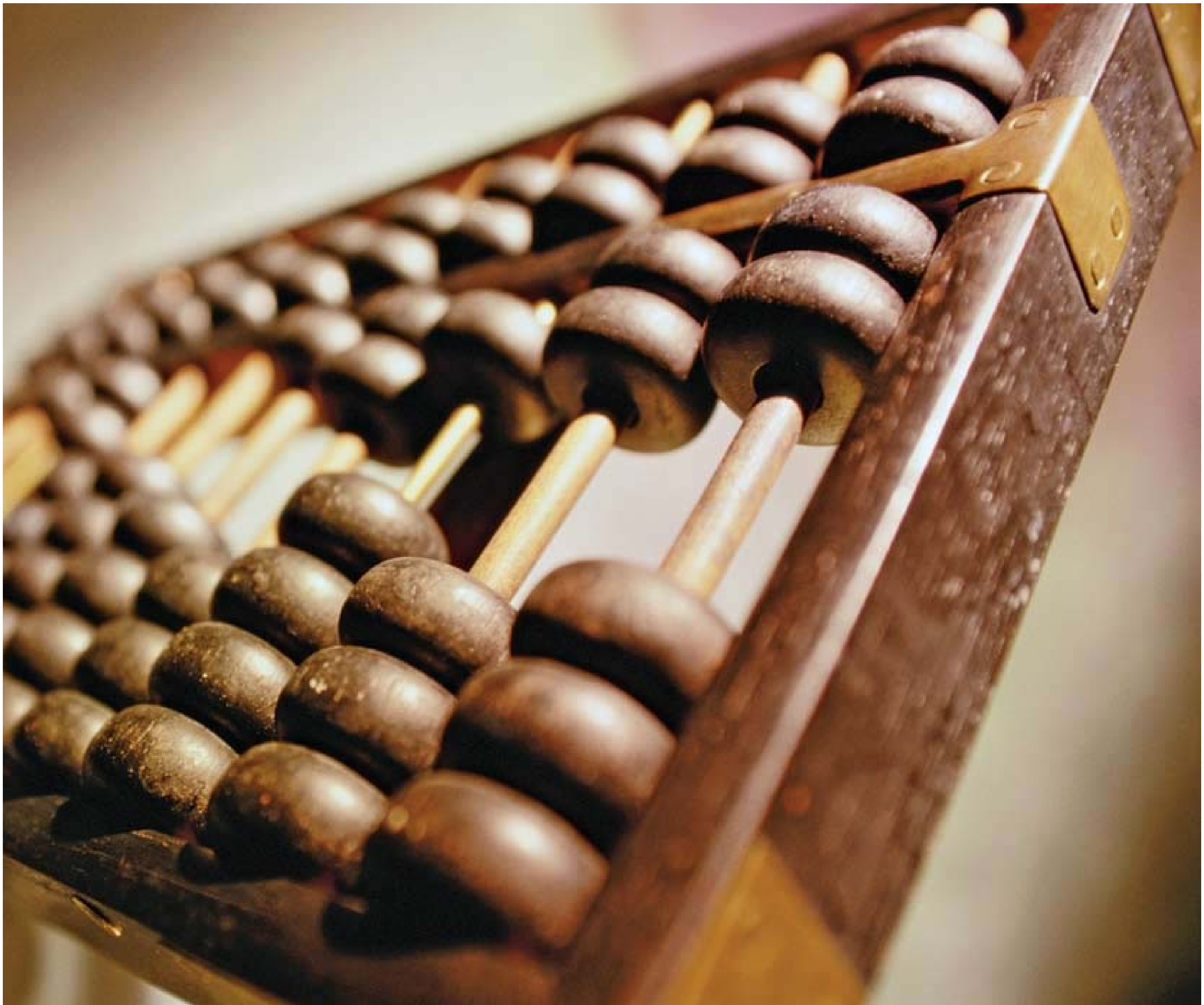
The Board appreciates and acknowledges their efforts in this regard. The Board also pays gratitude to Company's customers, suppliers, bankers, SSGCL, GOP and valued shareholders for their support, which contributed to Company's successes, and looks forward for their continued assistance in the future as well.

For and on behalf of the Board

Rawalpindi
January 20, 2009

Lt Gen Hamid Rab Nawaz (Retired)
Chairman

Financial
Statements



Statement of Compliance of Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes seven non executive independent directors, one non executive director representing minority shareholders and one executive director.

2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancies occurred in the Board during the year 2008, were filled up within 30 days of occurrence.

5. 'Statement of Ethics and Business Practices', evolved by the Company has been signed by all the Directors and employees.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of policies alongwith the dates on which they were approved or amended, has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The CFO was appointed prior to the implementation of the code of corporate governance. The Board has approved the appointment of Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

10. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

11. The financial statements of the Company were duly endorsed by CEO and CFO before approval by the Board.

12. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

13. The Company has complied with all the corporate and financial reporting requirements of the Code.

14. The Board has formed an audit committee. It comprises four members, who are all non-executive directors, including the Chairman of the Committee.

15. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

16. The Board has setup an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.

17. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

19. We confirm that all other material principles contained in the Code have been complied with.

Lt Gen Anis Ahmed Abbasi (Retd)
Chief Executive & Managing Director

Rawalpindi
January 20, 2009

Review Report to the Members on Statement of Compliance with best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Fauji Fertilizer Bin Qasim Limited, ("the Company") to comply with the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as the whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended December 31, 2008.

ISLAMABAD
JANUARY 20, 2009

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS

Auditors' Report to the Members

We have audited the annexed balance sheet of Fauji Fertilizer Bin Qasim Limited ("the Company") as at December 31, 2008 and the related profit and loss account, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion-

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change as indicated in note 3.4, with which we concur;

   (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31,2008 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

ISLAMABAD
JANUARY 20, 2009

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS

Balance Sheet
As at December 31, 2008

	Note	2008	2007
		(Rupees '000)	
SHARE CAPITAL AND RESERVES			
Share capital	4	**9,341,100**	9,341,100
Capital reserve	5	**228,350**	228,350
Translation reserve		**572,399**	-
Accumulated profit / (loss)		**344,522**	(1,060,523)
		10,486,371	8,508,927
NON-CURRENT LIABILITIES			
Long term financing	6	**625,416**	1,042,360
Long term murabaha	7	**58,017**	96,694
Deferred liabilities	8	**4,196,793**	4,080,529
Long term loan	9	**5,185,605**	5,833,806
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	10	**6,264,669**	2,377,952
Mark - up accrued	11	**593,586**	123,887
Short term borrowings	12	**18,257,082**	5,875,341
Current portion of:			
- Long term financing	6	**416,944**	416,944
- Liabilities against assets subject to finance lease		**-**	2,651
- Long term murabaha	7	**38,679**	38,679
- Long term loan	9	**648,201**	648,201
Provision for income tax - net		**308**	-
		26,219,469	9,483,655
		46,771,671	29,045,971
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 41 form an integral part of these financial statements.

	Note	2008	2007
		(Rupees '000)	
NON-CURRENT ASSETS			
Property, plant and equipment	15	**15,847,104**	16,458,265
Long term investments	16	**2,416,770**	1,411,150
Long term deposits	17	**15,228**	15,228
CURRENT ASSETS			
Stores and spares	18	**1,422,567**	1,266,570
Stock in trade	19	**5,676,739**	587,946
Trade debts	20	**285,454**	243,751
Advances	21	**64,637**	79,519
Trade deposits and short term prepayments	22	**4,876**	8,467
Interest accrued		**65,669**	96,526
Due from GOP on account of DAP subsidy	23	**12,440,060**	729,181
Other receivables	24	**591,043**	454,137
Short term investments	25	**-**	3,894,662
Cash and bank balances	26	**7,941,524**	3,800,569
		28,492,569	11,161,328
		46,771,671	29,045,971

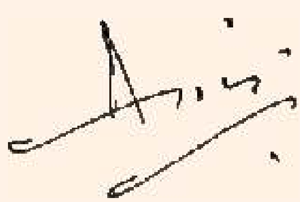
CHAIRMAN **CHIEF EXECUTIVE** **DIRECTOR**

Profit and Loss Account

For the year ended December 31, 2008

	Note	2008	2007
		(Rupees '000)	
Sales - net	27	**26,820,812**	12,242,888
Cost of sales	28	**(18,594,752)**	(7,420,310)
GROSS PROFIT		**8,226,060**	4,822,578
Distribution costs	29	**(1,776,864)**	(1,068,629)
Administrative expenses	30	**(207,383)**	(131,369)
		6,241,813	3,622,580
Finance cost	31	**(2,791,971)**	(630,513)
Other operating expenses	32	**(564,516)**	(343,813)
		2,885,326	2,648,254
Other income			
Share of profits of associate and joint venture	16	**133,221**	-
Compensation from GOP	33	**600,000**	600,000
Others	34	**786,328**	651,675
		1,519,549	1,251,675
PROFIT BEFORE TAXATION		**4,404,875**	3,899,929
Taxation	35	**(1,505,254)**	(1,359,896)
PROFIT AFTER TAXATION		**2,899,621**	2,540,033
Earnings per share - basic and diluted (Rupees)	36	**3.10**	2.72

The annexed notes 1 to 41 form an integral part of these financial statements.



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

Cash Flow Statement
For the year ended December 31, 2008

	Note	2008	2007
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	37	**(7,099,702)**	4,432,060
Finance cost paid		**(1,108,157)**	(574,911)
Compensation received from GOP - net		**-**	51,800
Taxes paid		**(1,103,218)**	(60,935)
Payment to gratuity fund		**(17,950)**	(13,894)
Compensated absences paid		**(9,739)**	(5,789)
Payment to Workers' (Profit) Participation Fund		**(218,069)**	(175,219)
Net cash (used in) / generated from operating activities		**(9,556,835)**	3,653,112
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(839,691)**	(2,750,728)
Proceeds from sale of property, plant and equipment		**7,180**	17,878
Investment in Fauji Cement Company Ltd		**(300,000)**	-
Long term deposits		**-**	422
Short term investments - net		**2,484,704**	(1,747,677)
Profit received on bank balances		**622,701**	513,844
Net cash generated from / (used in) investing activities		**1,974,894**	(3,966,261)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - repayments		**(416,944)**	(416,944)
Principal portion of lease rentals paid		**(2,651)**	(3,245)
Long term murabaha - repayments		**(38,679)**	(38,679)
Dividend paid		**(1,750,571)**	(2,456,668)
Net cash used in financing activities		**(2,208,845)**	(2,915,536)
Net decrease in cash and cash equivalents		**(9,790,786)**	(3,228,685)
Cash and cash equivalents at beginning of the year		**(524,772)**	2,703,913
Cash and cash equivalents at end of the year		**(10,315,558)**	(524,772)
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprises the following balance sheet amounts:			
- Cash and bank balances	26	**7,941,524**	3,800,569
- Short term highly liquid investments	25	**-**	1,550,000
- Short term borrowings	12	**(18,257,082)**	(5,875,341)
		(10,315,558)	(524,772)

The annexed notes 1 to 41 form an integral part of these financial statements.

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

Statement of Changes in Equity
For the year ended December 31, 2008

		CAPITAL RESERVE		GENERAL RESERVE	
	Share capital	Capital reserve	Translation reserve	Accumulated profit / (loss)	Total
			(Rupees '000)		
Balance as at January 01, 2007	9,341,100	228,350	-	(1,031,754)	8,537,696
Profit for the year	-	-	-	2,540,033	2,540,033
Income and expenses recognised for the year	-	-	-	2,540,033	2,540,033
Final dividend 2006 (Rs. 1.25 per ordinary share)	-	-	-	(1,167,637)	(1,167,637)
First interim dividend 2007 (Rs. 0.5 per ordinary share)	-	-	-	(467,055)	(467,055)
Second interim dividend 2007 (Re. 1 per ordinary share)	-	-	-	(934,110)	(934,110)
Balance as at December 31, 2007	**9,341,100**	**228,350**	**-**	**(1,060,523)**	**8,508,927**
Exchange differences on translating a joint venture	-	-	572,399	-	572,399
Income recognised directly in equity	-	-	572,399	-	572,399
Profit for the year	-	-	-	2,899,621	2,899,621
Income and expenses recognised for the year	-	-	572,399	2,899,621	3,472,020
Final dividend 2007 (Re. 1 per ordinary share)	-	-	-	(934,110)	(934,110)
First interim dividend 2008 (Rs. 0.6 per ordinary share)	-	-	-	(560,466)	(560,466)
Balance as at December 31, 2008	**9,341,100**	**228,350**	**572,399**	**344,522**	**10,486,371**

The annexed notes 1 to 41 form an integral part of these financial statements.

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

Notes to the Financial Statements

For the year ended December 31, 2008

1. STATUS AND NATURE OF BUSINESS

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 including investment in fertilizer raw material manufacturing operations. 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. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments, which are carried at their fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional currency. All financial information presented in Pak Rupee has been rounded to the nearest thousand.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed in the ensuing paragraphs.

2.4.1 Staff retirement gratuity

Defined benefit plan is provided for permanent employees of the Company. The plan is typically structured as a separate legal entity managed by trustees. Calculations in this respect require assumptions to be made of future outcomes, the principle ones being in respect of increase in remuneration, the expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

2.4.2 Property, plant and equipment

The Company reviews the useful lives and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding effect on the depreciation charge and the impairment.

2.4.3 Provision for inventory obsolescence and doubtful receivables

The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores and spares. Further the carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

2.4.4 Taxation

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.4.5 Contingencies

The Company reviews the status of all the legal cases on a regular basis. Based on the expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

2.4.6 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

3. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied to all the years presented in these financial statements, unless otherwise stated.

3.1 Employees' retirement benefits

The Company has the following plans for its employees:

Provident Fund - Defined Contribution Scheme

The Company operates a defined contributory provident fund for all its permanent employees. The fund is administered by trustees. Monthly contributions are made to the fund both by the Company and employees at the rate of 10% of basic pay. The Company's contribution is charged to income for the year.

Gratuity Fund - Defined Benefit Scheme

The Company operates a defined benefit funded gratuity for all employees who complete qualifying period of service and age. The Fund is administered by trustees. Contribution to the fund is made on the basis of actuarial valuation using Projected Unit Credit Method, related details of which are given in note 13.

Actuarial gains / losses exceeding 10 percent of the higher of projected benefit obligation and fair value

of plan assets are amortized over average future service of the employees.

Compensated absences

The Company also provides for compensated absences for all employees in accordance with the rules of the Company.

3.2 Taxation

Current

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.3 Property, plant and equipment and capital work in progress

Property, plant and equipment except for freehold land and capital work in progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work in progress are stated at cost less allowance for impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within “other income” in profit or loss.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated on the straight line method and charged to profit and loss account to write off the depreciable amount of each asset over its estimated useful life at the rates specified in note 15. Depreciation on addition in property, plant and equipment is charged from the month of addition while no depreciation is charged in the month of disposal.

3.4 Borrowing costs

Previously, mark up, interest and other charges were expensed as incurred. During the year, the Company has changed this policy and now borrowing cost, if any, related to construction of a qualifying asset will be included in the cost of related asset. The policy has been changed to bring it in line with the holding company's accounting policy. There is no accounting effect of this change in accounting policy in these financial statements.

3.5 Investments

3.5.1 Associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Company has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Company has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are recognised initially at cost.The Company’s investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The financial statements include the Company’s share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Company’s share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

3.5.2 Investment available for sale

Available for sale investments are initially recognised at cost and carried at fair value at the balance sheet date. Gain or loss on remeasurement of available for sale financial assets is recognised directly in equity through the statement of changes in equity until disposal at which time the full amount of gain or loss is recycled to the profit and loss account for the year. Unquoted equity investments are carried at cost less provision for impairment.

3.5.3 Investments at fair value through profit or loss - held for trading

Investments which are acquired principally for the purpose of selling in the near term or the investments

that are part of a portfolio of financial instruments exhibiting short term profit taking, are classified as investments at fair value through profit or loss-held for trading and designated as such upon initial recognition. These are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account.

3.5.4 Loans and receivables

Investments are classified as loans and receivables which have fixed or determinable payments and are not quoted in an active market. These investments are measured at amortised cost using the effective interest method, less any impairment losses.

The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

3.6 Goodwill

Goodwill (negative goodwill) arises on the acquisition of associates and joint ventures. Goodwill represents the excess of the cost of the acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

3.7 Impairment

Impairment losses are recognized as expense in the profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. For non-financial assets, financial assets measured at amortized cost, available-for-sale financial assets that are debt securities, the reversal is recognised in profit and loss account. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

3.8 Stores and spares

These are valued at lower of weighted average and net realiseable value less impairment. For items which are slow moving and/or identified as surplus to the Company's requirement, an impairment is made.

3.9 Stock in trade

These are valued at the lower of weighted average cost and net realisable value except for stock in transit which is valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date.

Cost is determined as follows:

-	Raw materials	at weighted average purchase cost and directly attributable expenses
-	Work-in-process and finished goods	at weighted average cost of raw materials and related manufacturing expenses

Net realisable value signifies the estimated selling price in the ordinary course of business less net estimated cost of completion and selling expenses.

3.10 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost respectively. The Company de-recognizes the financial assets and liabilities when it ceases to be a party to such contractual provision of the instruments.

Trade and other payables

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

Trade debts and other receivables

Trade debts and other receivables are due on normal trade terms. These are stated at original invoice amount as reduced by appropriate provision for impairment, if any. Bad debts are written off when identified.

Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.11 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances and short term borrowings.

3.12 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, markup bearing borrowings are stated at originally recognized amount less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the profit and loss account over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset as explained in note 3.4.

3.13 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.14 Dividends

Dividend is recognised as a liability in the period in which it is declared.

3.15 Foreign currency

Foreign currency transactions

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. All monetary assets and liabilities denominated in foreign currencies at the year end are translated at exchange rates prevailing at the balance sheet date. Non monetary items that are

measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange differences are included in profit and loss account for the year.

Investment in foreign joint venture

The results and financial position of joint venture that have a functional currency different from Pak Rupees are translated into Pak Rupees as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet.
- income and expense are translated at the average exchange rates for the period.

All resulting exchange differences are recognised as a separate component of other reserve (translation reserve) within equity.

When a foreign investment is sold, such exchange differences are recognised in the profit and loss account as part of the gain or loss on sale.

3.16 Revenue recognition

Sale

Sales revenue is recognised when the goods are dispatched and significant risks and rewards of ownership are transferred to the customer. Revenue from sale of goods is measured at the fair value of consideration received or receivable, net of returns and trade discounts.

Profit on bank balances / deposits

Profit on bank balances / deposits is accounted for on time proportion basis using the applicable rate of interest.

Dividend income

Dividend income is recognized when right to the payment is established.

Scrap sales and miscellaneous receipts

Scrap sales and miscellaneous receipts are recognised on realized amounts.

3.17 Basis of allocation of common expenses

The holding company under an agreement, allocates on a proportionate basis common selling and distribution expenses being the cost incurred and services rendered on behalf of the Company under an inter company services agreement.

3.18 Government compensation

The Company recognizes Government compensation received in lieu of the Fertilizer Policy 1989 as income subject to compliance with the related conditions.

3.19 DAP subsidy for farmers

DAP subsidy announced by the Government of Pakistan (GOP) for farmers is recognized in the profit and loss account by deducting the amount of subsidy from the related production expenses on a systematic basis in the same period in which these production expenses are incurred.

3.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic

EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.21 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning as mentioned thereagainst are either not relevant to the Company's current operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures:

Revised IAS 1 - Presentation of financial statements	(effective January 1, 2009)
Revised IAS 23 - Borrowing costs	(effective January 1, 2009)
Amended IAS 27 - Consolidated and Separate Financial Statements	(effective July 1,2009)
IAS 29 - Financial Reporting in Hyperinflationary Economies	(effective April 28, 2008)
Amendments to IAS 32 - Financial instruments	(effective January 1, 2009)
Amendments to IAS 39 - Financial Instruments:	
Recognition and Measurement	(effective July 1, 2009)
Amendment to IFRS 2 - Share-based Payment	(effective January 1, 2009)
Revised IFRS 3 - Business Combinations	(effective July 1, 2009)
IFRS 7 - Financial Instruments: Presentation	(effective April 28, 2008)
IFRS 8 - Operating Segments	(effective January 1, 2009)
IFRIC 13 - Customer Loyalty Programmes	(effective July 1, 2008)
IFRIC 15 - Agreement for the Construction of Real Estate.	(effective October 1, 2009)
IFRIC 16 - Hedge of Net Investment in a Foreign Operation	(effective October 1, 2008)
IFRIC 17- Distribution of Non-Cash Assets to Owners	(effective July 1, 2009)
IAS 27 - Consolidated and Separate Financial Statements	(effective January 1, 2009)

The IASB's annual improvements project published in May 2008, contains a number of amendments which would generally be applicable for financial periods beginning on or after 1 January 2009. These amendments extend to 35 standards and include changes in terminology and accounting requirements.

	2008	2007
	(Rupees '000)	
4. SHARE CAPITAL		
4.1 ISSUED, SUBSCRIBED AND PAID - UP CAPITAL		
934,110,000 Ordinary shares of Rs. 10 each issued for cash	**9,341,100**	9,341,100

4.2 Fauji Fertilizer Company Ltd (the holding company), Fauji Foundation and Pak Kuwait Investment Company (Pvt) Ltd held 475,232,996, 161,501,286, and 7,043,845 (2007: 475,232,996, 161,501,286 and 2,762,345) ordinary shares respectively of the Company at the year end.

	2008	2007
	(Rupees '000)	
4.3 AUTHORIZED SHARE CAPITAL		
1,100,000,000 Ordinary shares of Rs. 10 each	**11,000,000**	11,000,000

5. CAPITAL RESERVE

This represents share premium of Rs. 5 per share received on public issue of 45,670 thousand ordinary shares in 1996.

	2008	2007
	(Rupees '000)	
6. LONG TERM FINANCING - SECURED		
From banking companies and financial institutions		
Habib Bank Limited (HBL)	**324,488**	454,284
Standard Chartered Bank (Pakistan) Limited (SCB)	**185,550**	259,770
MCB Bank Limited (MCB)	**319,876**	447,827
Askari Bank Limited (ABL)	**71,429**	100,000
Saudi Pak Industrial and Agricultural Investment Company (Pvt) Limited (SAPICO)	**26,731**	37,423
	928,074	1,299,304
From associated company		
Pak Kuwait Investment Company (Pvt) Limited (PKIC)	**114,286**	160,000
	1,042,360	1,459,304
Less: Current portion shown under current liabilities	**416,944**	416,944
	625,416	1,042,360

Lenders	**Purchase price**	**Mark-up rate**	**No. of quarterly installments outstanding**	**Repayment commenced from**
	(Rupees '000)			
HBL	908,570	12 months' Treasury bill rate	10	July 2004
SCB	519,539	12 months' Treasury bill rate	10	July 2004
MCB	895,653	12 months' Treasury bill rate	10	July 2004
ABL	200,000	12 months' Treasury bill rate	10	July 2004
SAPICO	74,847	12 months' Treasury bill rate	10	July 2004
PKIC	320,000	12 months' Treasury bill rate	10	July 2004

These finances are secured by first equitable mortgage charge created on all immovable properties of the Company and by way of hypothecation of movable properties of the Company. These charges rank pari passu with the charges already created or to be created in favour of other foreign and local lenders.

	2008	2007
	(Rupees '000)	
7. LONG TERM MURABAHA - SECURED		
Faysal Bank Limited (FBL) - a banking company	**96,696**	135,373
Less: Current portion shown under current liabilities	**38,679**	38,679
	58,017	96,694

Lenders	Purchase price	Mark-up rate	No. of quarterly installments outstanding	Repayment commenced from
	(Rupees '000)			
FBL	270,748	12 months' Treasury bill rate	10	July 2004

This facility is secured by first equitable mortgage charge created on all immovable properties of the Company and by way of hypothecation of movable properties of the Company. These charges rank pari passu with the charges already created or to be created in favour of other foreign and local lenders.

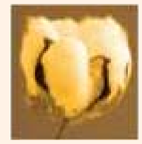
	2008	2007
	(Rupees '000)	
8. DEFERRED LIABILITIES		
Compensated leave absences - note 8.1	**116,510**	86,294
Deferred tax - note 8.2	**4,080,283**	3,994,235
	4,196,793	4,080,529
8.1 Actuarial valuation has not been carried out as the impact is considered to be immaterial.		
8.2 The balance of deferred tax is in respect of the following major temporary differences:		
Accelerated depreciation	**4,135,826**	4,025,791
Provision against doubtful receivables	**(18,734)**	(18,734)
Share of profits of associate and joint venture	**13,322**	-
Provision for inventory obsolescence	**(50,131)**	(11,894)
Liabilities against assets subject to finance lease	**-**	(928)
	4,080,283	3,994,235
8.2.1 The movement of deferred tax during the current year is as follows:		
Opening balance	**3,994,235**	2,634,339
Charge for the year	**86,048**	1,359,896
Closing balance	**4,080,283**	3,994,235
9. LONG TERM LOAN - UNSECURED		
Government of Pakistan (GOP) loan - note 9.1	**4,223,180**	4,552,690
Deferred Government Assistance - note 9.1	**1,610,626**	1,929,317
	5,833,806	6,482,007
Less: Current portion shown under current liabilities	**648,201**	648,201
	5,185,605	5,833,806

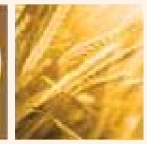
9.1 This represents balance amount of GOP loan amounting to Rs. 9,723,015 thousand which is repayable in equal installments in 16 years with 1 year grace at zero percent effective November 30, 2001. Final installment will be paid in June 2017. This loan in accordance with International Accounting Standard-39 "Financial Instruments: Recognition and Measurement" is stated at its fair value and the difference is recognised as Deferred Government assistance. Deferred Government assistance is being amortised to fully offset the financial charge on the loan at an imputed rate of 7%. The amount amortised and offset against financial charges during the year amounted to Rs. 318,691 thousand.

Under the terms of restructuring with GOP, the excess cash, which may arise based on a pre-defined mechanism, shall be shared by the Company with GOP through prepayment of GOP loan.

Loans from Export Credit Agencies (ECA), which were assumed by GOP, were initially secured by a guarantee issued by Habib Bank Limited (HBL) on behalf of a local syndicate of banks and financial institutions, which guarantee is secured by first equitable mortgage created on all immovable properties of the Company and by way of hypothecation of movable properties of the Company. The charge ranks pari passu with the charges to be created in favour of other foreign and local lenders. The local syndicate had requested the Company to obtain an indemnity from GOP confirming that it is GOP's absolute obligation to indemnify and keep related banks and financial institutions harmless from any possible exposure on this account. Accordingly, on December 16, 2002, GOP had conveyed its agreement by assuming ECA loan liabilities by absolving related banks and financial institutions of their liabilities for which they earlier issued guarantees to ECA. As a result, two ECA have released the guarantee of HBL and have returned the original documents.

Since two ECA have yet to release HBL from its responsibility as guarantor therefore, the above referred guarantee and related charge on assets of the Company have not been vacated upto December 31, 2008. The Company is making efforts in getting this guarantee released.





	2008	2007
	(Rupees '000)	
10. TRADE AND OTHER PAYABLES		
Creditors	**4,748,957**	1,048,909
Accrued liabilities	**707,751**	409,308
Advances from customers	**364,990**	351,393
Workers' (Profit) Participation Fund - note 10.1	**18,437**	17,786
Payable to gratuity fund - note 13	**8,417**	-
Workers' Welfare Fund	**243,657**	155,560
Unclaimed dividend	**39,466**	295,461
Withholding tax payable	**5,713**	1,958
Other payables - note 10.2	**127,281**	97,577
	6,264,669	2,377,952
10.1 Workers' (Profit) Participation Fund (WPPF)		
Balance at beginning of the year	**17,786**	14,973
Interest on funds utilized in the Company's business	**283**	246
Allocation for the year	**218,437**	177,786
	236,506	193,005
Payment to WPPF during the year	**(218,069)**	(175,219)
	18,437	17,786

10.2 This includes Rs. 48 million payable to GOP after netting off the GOP compensation amounting to Rs. 600 million for the year 2008 against the agreed loan repayment of Rs. 648 million.

	2008	2007
	(Rupees '000)	
11. MARK - UP ACCRUED		
On long term financing		
From banking companies and financial institutions	**27,695**	30,781
From PKIC, an associated undertaking	**3,410**	3,791
	31,105	34,572
On long term murabaha	**2,886**	3,207
On short term borrowings	**559,595**	86,108
	593,586	123,887
12. SHORT TERM BORROWINGS - SECURED		
From banking companies and financial institutions		
Short term running finance - note 12.1	**8,318,163**	5,875,341
Finance against trust receipts - note 12.2	**9,938,919**	-
	18,257,082	5,875,341

12.1 The Company has arranged short term facilities from various banks on mark-up basis with limits aggregating Rs. 11,750,000 thousand (2007: Rs. 7,600,000 thousand). These facilities carry mark-up ranging from 9.54% to 17.05% per annum (2007: 5.4% to 10.5% per annum) and are secured by hypothecation charge over stocks and current assets of the Company and lien on bank deposits. The purchase prices are repayable on various dates by the Company.

12.2 The Company has arranged finance against trust receipt facilities from various banks on mark-up basis with limits aggregating Rs. 15,900,000 thousand (2007: Rs. Nil). These facilities carry mark-up ranging from 10.55% to 17.47% per annum (2007: Nil per annum) and are secured by hypothecation charge over stocks and current assets of the Company and lien on bank deposits. The purchase prices are repayable in one year on various dates by the Company.

	2008	2007
	(Rupees '000)	
13. GRATUITY FUND		
a) Reconciliation of amounts recognised in the balance sheet is as follow:		
Present value of defined benefit obligation	**129,187**	95,727
Fair value of plan assets	**(66,509)**	(68,510)
Deficit	**62,678**	27,217
Net actuarial losses not recognized	**(54,261)**	(27,217)
	8,417	-
b) The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	**95,727**	69,346
Current service cost	**17,280**	9,835
Interest cost	**9,572**	6,935
Benefits paid during the year	**(11,749)**	(5,806)
Actuarial loss	**18,357**	15,417
Present value of defined benefit obligation at end of the year	**129,187**	95,727
c) The movement in fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	**68,510**	50,528
Expected return on plan assets	**3,426**	5,053
Contributions	**17,950**	13,894
Benefits paid during the year	**(11,749)**	(5,806)
Actuarial (loss) / gain	**(11,628)**	4,841
Fair value of plan assets at end of the year	**66,509**	68,510
d) Plan assets comprise of:		
Investment in listed securities	**6,755**	16,004
Investment in mutual funds	**4,240**	8,417
Term deposit receipts	**-**	26,200
Cash and bank balances	**55,514**	17,889
	66,509	68,510

Investments in listed securities and mutual funds are valued as follows:

Listed securities
These are valued on the basis of prices quoted at the year end.

Mutual funds
Since net assets value (NAV) of open ended mutual funds was not available at the year end, NAV at the year end was estimated by applying 20% discount rate to last quoted NAV.

	2008	2007
	(Rupees '000)	
e) Actual return on plan assets	**(8,202)**	8,154
Contributions expected to be paid to the plan during the next financial year	**33,758**	17,778

f) The expected return on plan assets is based on the market expectations and depend upon the asset portfolio of the Company, at the beginning of the year, for returns over the entire life of the related obligations.

	2008	2007
	(Rupees '000)	
g) Movement in liability recognised in the balance sheet:		
Opening liability	**-**	-
Expense for the year	**26,367**	13,894
Payments to the fund during the year	**(17,950)**	(13,894)
Closing liability	**8,417**	-
h) Amount recognised in the profit and loss account is as follows:		
Current service cost	**17,280**	9,835
Interest cost	**9,572**	6,935
Expected return on plan assets	**(3,426)**	(5,053)
Actuarial losses recognised	**2,941**	970
Recognised transitional liability	**-**	1,207
	26,367	13,894
i) The expense is recognised in the following line items in the profit and loss account:		
Cost of sales	**23,119**	12,165
Administrative expenses	**3,248**	1,729
	26,367	13,894

j) Comparison of present value of defined benefit obligation, fair value of plan assets and deficit of gratuity fund for the last five years is as follows:

	2008	2007	2006	2005	2004
	(Rupees '000)				
Present value of defined benefit obligation	**129,187**	95,727	69,346	51,513	36,576
Fair value of plan assets	**(66,509)**	(68,510)	(50,528)	(38,690)	(31,806)
Deficit	**62,678**	27,217	18,818	12,823	4,770
Experience adjustments					
- on obligations	**18,357**	15,417	6,579	8,962	(1,496)
- on plan assets	**(11,628)**	4,841	(1,061)	(298)	(2,040)

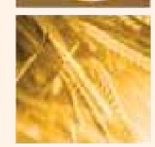
k) Principal actuarial assumptions used in the actuarial valuation carried out as at December 31, 2008 are as follows:

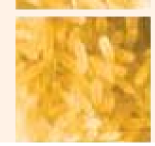
Discount rate	**15.00%**
Expected rate of salary growth	**15.00%**
Expected rate of return on plan assets	**10.00%**

	2008	2007
	(Rupees '000)	
14. CONTINGENCIES AND COMMITMENTS		
Contingencies		
i) Indemnity bonds and undertakings given to 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.	**25,098**	29,857
iii) Income tax demands raised on income on local currency bank deposits / unrealised exchange gain, which demands have been challenged and are currently in appeal; the Company expects favourable outcome in appeal.	**41,306**	49,118
iv) Claim by a supplier, not acknowledged as debt by the Company.	**15,824**	12,347
v) Company's share of contingent liabilities of Fauji Cement Company Limited as at September 30, 2008.	**31,233**	-
Commitments		
i) Capital expenditure - contracted.	**18,564**	275,160
ii) Letters of credit for purchase of raw material and stores and spares.	**566,881**	216,767
iii) Company's share of investment in Foundation Power Company (Dharaki) Limited.	**-**	1,500,000
iv) Company's share of investment in Fauji Cement Company Limited.	**-**	300,000
v) Company's share of commitments of Fauji Cement Company Limited as at September 30, 2008.	**428,000**	-
vi) Company's share of commitments in PMP joint venture.	**-**	1,673,081

15. PROPERTY, PLANT AND EQUIPMENT

	OWNED ASSETS											LEASED ASSETS	Total
	Leasehold land	Freehold land	Buildings on lease hold land	Plant and machinery	Furniture and fittings	Vehicles	Office and other equipment	Computer and ancillary equipment	Library books	Catalyst	Capital work in progress (note 15.1)	Vehicles	
	(Rupees '000)												
COST													
Balance as at January 01, 2007	213,350	120,000	1,467,652	18,036,961	8,334	76,801	55,185	39,394	1,690	67,088	1,371,566	13,635	21,471,656
Additions during the year	-	-	12,860	202,404	558	23,479	3,067	8,782	357	40,668	2,458,553	-	2,750,728
Disposals	-	-	-	(155,410)	-	(11,886)	(391)	-	-	-	-	-	(167,687)
Adjustments	-	-	-	(61,581)	(2,675)	-	(966)	(1)	(58)	-	-	-	(65,281)
Transfers	-	-	(11,167)	2,355,433	11,167	2,817	(11,008)	-	-	-	(2,344,425)	(2,817)	-
Balance as at December 31, 2007	213,350	120,000	1,469,345	20,377,807	17,384	91,211	45,887	48,175	1,989	107,756	1,485,694	10,818	23,989,416
Balance as at January 01, 2008	213,350	120,000	1,469,345	20,377,807	17,384	91,211	45,887	48,175	1,989	107,756	1,485,694	10,818	23,989,416
Additions during the year	-	-	4,125	3,297	711	24,418	3,485	10,307	19	-	793,329	-	839,691
Disposals	-	-	-	-	-	(14,782)	(521)	(23)	-	-	-	-	(15,326)
Adjustments	-	-	-	(467,877)	-	-	(6)	(3,974)	-	-	-	-	(471,857)
Transfers	-	-	-	2,070,149	-	10,818	1,066	-	-	-	(2,071,215)	(10,818)	-
Balance as at December 31, 2008	**213,350**	**120,000**	**1,473,470**	**21,983,376**	**18,095**	**111,665**	**49,911**	**54,485**	**2,008**	**107,756**	**207,808**	**-**	**24,341,924**
DEPRECIATION													
Balance as at January 01, 2007	59,145	-	306,960	6,000,410	6,674	43,507	48,587	35,578	1,449	28,098	-	10,909	6,541,317
Additions during the year	4,639	-	44,129	953,174	6,774	14,740	3,380	6,121	328	20,540	-	2,163	1,055,988
Disposals	-	-	-	(52,127)	-	(10,076)	(313)	-	-	-	-	-	(62,516)
Adjustments	-	-	-	-	(2,613)	-	(966)	(1)	(58)	-	-	-	(3,638)
Transfers	-	-	(2,680)	5,965	2,680	2,254	(5,965)	-	-	-	-	(2,254)	-
Balance as at December 31, 2007	63,784	-	348,409	6,907,422	13,515	50,425	44,723	41,698	1,719	48,638	-	10,818	7,531,151
Balance as at January 01, 2008	63,784	-	348,409	6,907,422	13,515	50,425	44,723	41,698	1,719	48,638	-	10,818	7,531,151
Additions during the year	4,639	-	44,098	1,099,990	388	14,811	258	7,398	113	18,377	-	-	1,190,072
Disposals	-	-	-	-	-	(11,416)	(444)	(18)	-	-	-	-	(11,878)
Adjustments	-	-	-	(210,545)	-	-	-	(3,980)	-	-	-	-	(214,525)
Transfers	-	-	-	3,977	-	10,818	(3,977)	-	-	-	-	(10,818)	-
Balance as at December 31, 2008	**68,423**	**-**	**392,507**	**7,800,844**	**13,903**	**64,638**	**40,560**	**45,098**	**1,832**	**67,015**	**-**	**-**	**8,494,820**
Written down value- 2007	149,566	120,000	1,120,936	13,470,385	3,869	40,786	1,164	6,477	270	59,118	1,485,694	-	16,458,265
Written down value- 2008	**144,927**	**120,000**	**1,080,963**	**14,182,532**	**4,192**	**47,027**	**9,351**	**9,387**	**176**	**40,741**	**207,808**	**-**	**15,847,104**
Rate of depreciation	**2 to 4%**	**-**	**3%**	**5%**	**10%**	**20%**	**15%**	**33%**	**30%**	**17 to 50%**	**-**	**20%**	





15.1 CAPITAL WORK IN PROGRESS

This is made up as follows:

	2008	2007
	(Rupees '000)	
Advances to suppliers	**11,125**	48,000
Plant and machinery	**196,683**	1,437,694
	207,808	1,485,694

15.2 Depreciation charge has been allocated as follows:

	2008	2007
Cost of sales - note 28	**1,186,433**	1,051,381
Administrative expenses - note 30	**3,639**	4,607
	1,190,072	1,055,988

15.3 Details of property, plant and equipment sold:

	Cost	Book value	Sale proceeds
	(Rupees '000)		
Vehicles			
As per Company policy to executives			
Lt. Gen (R) Muhammad Akram	1,279	256	173
Brig (R) Tariq Mahmood	939	141	94
Brig (R) Hassan Akhtar Ghani	939	79	94
Maj (R) Sajjad Nazir Dar	927	774	664
Mr. Mudassar Naveed	995	861	1,007
Mr. Abdul Qayyum Khan	879	474	700
Insurance claim	1,019	850	900
Aggregate of items of property, plant and equipment with individual book value below Rs. 50,000	8,349	13	3,548
2008	**15,326**	**3,448**	**7,180**
2007	167,687	105,171	17,878

16. LONG TERM INVESTMENTS

	2008	2007
	(Rupees '000)	
Investment in joint venture - equity method		
Pakistan Maroc Phosphore S.A, Morocco - note 16.1		
Cost of investment	**1,411,150**	1,411,150
Share of profit	**122,345**	-
Gain on translation of net assets - note 16.1.2	**572,399**	-
Balance as at December 31, 2008	**2,105,894**	1,411,150
Investment in associate - equity method		
Fauji Cement Company Limited (FCCL) - note 16.2		
Cost of investment	**300,000**	-
Share of post acquisition profits	**10,876**	-
Balance as at December 31, 2008	**310,876**	-
Investment - available for sale - unquoted		
Arabian Sea Country Club Limited (ASCCL) - note 16.3		
300,000 ordinary shares of Rs. 10 each	**3,000**	3,000
Less: Impairment in value of investment	**3,000**	3,000
	-	-
	2,416,770	1,411,150

16.1 Cost of investment represents equivalent to Moroccan Dirhams 200,000 thousand representing 25% interest in Pakistan Maroc Phosphore S.A. Morocco (PMP), a joint venture between the Company, Fauji Foundation, Fauji Fertilizer Company Limited and Officie Cherifien Des Phosphates, Morocco. The principal activity of PMP is to manufacture and market phosphoric acid, fertilizer and other related products in Morocco and abroad.

According to the shareholders' agreement, the Company cannot sell the shares of PMP outside Fauji Group for a period of five years effective September 14, 2004. Further, if any legal restriction is laid on dividends by Pakistan Maroc Phosphor S.A., the same will be converted to interest bearing loan. The Company has also committed not to pledge shares of PMP without prior consent of PMPs' lenders.

	September 2008	September 2007	**September 2008**	September 2007
	(Rupees '000)		(Rupees '000)	
16.1.1 Summary financial information for equity accounted investees as per their financial statements, not adjusted for the percentage ownership of the Company.				
	PMP (Joint venture)		**FCCL (Associate)**	
Non - current assets	**16,766,051**	9,539,448	**7,890,671**	-
Non - current liabilities	**(7,449,854)**	(2,491,648)	**(561,303)**	-
Current assets	**30,212,344**	266,384	**4,252,059**	-
Current liabilities	**(30,569,599)**	(897,820)	**(2,148,419)**	-
Revenue (6 months' for FCCL and 9 months' for PMP)	**18,316,035**	22,693	**2,456,740**	-
Expenses (6 months' for FCCL and 9 months' for PMP)	**(17,002,377)**	(29,563)	**(1,976,375)**	-
Profit / (loss) (6 months' for FCCL and 9 months' for PMP)	**1,313,658**	(6,870)	**480,365**	-

Financial statements for the period ended September 30, 2008 have been used for accounting under equity method as these were the latest financial statements approved by the Board of Directors of FCCL and PMP.

16.1.2 This represents Company's share of translation reserve of PMP. This has arisen due to significant increase in exchange rate parity between the Moroccon Dirhams and Pak Rupees.

16.2 During the year the Company has made investment in FCCL. Fair value of investment in FCCL as at December 31, 2008 was Rs. 88,125 thousand. The Company holds 2.53% interest in FCCL which is less than 20%, however it is concluded that the Company has significant influence due to its representation on the Board of Directors of FCCL.

16.3 As per audited accounts of ASCCL for the year ended June 30, 2008, the break-up value of an ordinary share was Rs. 7.85 (June 30, 2007: Rs. 9.36).

		2008	2007
		(Rupees '000)	
17.	**LONG TERM DEPOSITS**		
	Security deposit	**15,228**	15,228
	Lease key money	**-**	1,623
	Less: Current portion of long term deposits - note 22	**-**	1,623
		15,228	15,228
18.	**STORES AND SPARES**		
	Stores	**47,342**	22,943
	Spares	**1,276,757**	1,149,427
	Items in transit	**241,700**	128,183
	Less: Provision for obsolescence	**143,232**	33,983
		1,422,567	1,266,570
19.	**STOCK IN TRADE**		
	Packing materials	**62,848**	31,152
	Raw materials - note 19.1	**26,829**	289,809
	Work in process	**3,602**	13,472
	Finished goods - note 19.1	**5,583,460**	253,513
		5,676,739	587,946

19.1 This includes adjustment of Rs. 1,364,208 thousand (2007: Nil) for writing down the stock of Phosporic Acid and DAP to net realisable value. After this adjustment, the value of Phosphoric Acid and DAP stocks at the year end are Rs. 26,829 thousand and Rs. 5,557,786 thousand respectively.

		2008	2007
		(Rupees '000)	
20.	**TRADE DEBTS**		
	Considered good	**283,612**	243,269
	Due from Fauji Foundation, an associated undertaking - unsecured, considered good	**1,842**	482
		285,454	243,751
21.	**ADVANCES**		
	Advances to:		
	- Executives, unsecured considered good	**1,479**	2,982
	- Other employees, unsecured considered good	**8,104**	3,747
	Advances to suppliers and contractors		
	- Considered good	**55,054**	72,790
	- Considered doubtful	**45**	45
		55,099	72,835
	Provision for doubtful advances	**(45)**	(45)
		55,054	72,790
		64,637	79,519
22.	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**		
	Current portion of long term deposits - note 17	**-**	1,623
	Security deposits	**1,969**	4,582
	Prepayments	**2,907**	2,262
		4,876	8,467

23. DUE FROM GOP ON ACCOUNT OF DAP SUBSIDY

This represents amount of DAP subsidy from GOP recognized in accordance with Ministry of Food, Agriculture and Livestock (MINFAL) notification No. 7-1/2006-Fert dated September 29, 2006. Effective July 01, 2008 the amount of DAP subsidy increased from Rs 470 per bag to Rs 2,200 per bag till December, 2008. The total amount of subsidy on production of 470,999 tonnes of DAP during the year 2008 amounted to Rs 15,522,573 thousand (2007: Rs 2,797,017 thousand on production of 356,706 tonnes) which is represented as follows:

Period	Production	Equivalent 50kg Bags	Subsidy Rs./Bag	Subsidy Amount	Notification Number
	(Tonnes)	(20 bags/tonne)		(Rupees '000)	
January to June 2008	150,329	3,006,580	470	1,413,093	No. F.4-13/2000-Fert dated July 6, 2007.
July to December 2008	320,670	6,413,400	2,200	14,109,480	No.F.4-13/2000-Fert dated Sep 5, 2008.
	470,999	9,419,980		15,522,573	

24. OTHER RECEIVABLES

	2008	2007
	(Rupees '000)	
Due from the holding company- unsecured, considered good - note 24.1	**413,529**	67,540
Sales tax refundable	**119,530**	53,100
Advance income tax	**-**	311,926
Other receivables		
- Considered good - note 24.2	**57,984**	21,571
- Considered doubtful	**53,482**	53,482
	111,466	75,053
Less: Provision for doubtful receivables	**53,482**	53,482
	57,984	21,571
	591,043	454,137

24.1 This interest free balance represents amount recovered by the holding company from customers on sale of the Company's products under inter company services agreement.

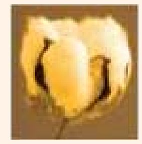
24.2 This includes unsecured receivable from Fauji Foundation (an associated undertaking) amounting to Rs. 25 thousand (2007: 16 thousand).

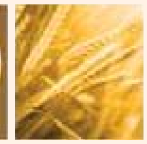
	2008	2007
	(Rupees '000)	
25. SHORT TERM INVESTMENTS		
Loans and receivables		
Term deposits with banks and financial institutions	**-**	2,150,000
Investments at fair value through profit or loss		
Fixed income / money market funds	**-**	1,655,755
Surplus on remeasurement	**-**	88,907
	-	1,744,662
	-	3,894,662
26. CASH AND BANK BALANCES		
Deposit accounts - note 26.1 - in local currency	**6,754,299**	3,498,475
- in foreign currency	**1,565**	1,208
	6,755,864	3,499,683
Current accounts	**1,185,477**	300,777
Cash in hand	**183**	109
	7,941,524	3,800,569

26.1 This includes Rs. 1,858,133 thousand (2007: Rs. 2,212,625 thousand) which are under pledge with commercial banks against letters of credit and for short term borrowings. In addition Rs. 410,896 thousand (2007: Rs. 163,655 thousand) are held under lien by the commercial banks against bank guarantees issued on behalf of the Company.

	2008	2007
	(Rupees '000)	
27. SALES	**27,410,756**	13,167,135
Less: Sales tax	**339,847**	716,918
Trade discounts	**230,017**	190,443
Commission to the holding company - note 27.1	**20,080**	16,886
	589,944	924,247
	26,820,812	12,242,888

27.1 Commission is paid @ Re. 1 per bag sold by the holding company, based on inter company services agreement.





28. COST OF SALES

	2008	2007
	(Rupees '000)	
Raw materials consumed - note 28.1	**34,409,318**	6,526,801
Packing materials consumed	**492,509**	256,652
Fuel and power	**1,713,011**	1,100,224
Chemicals and supplies	**135,274**	83,729
Salaries, wages and benefits - note 28.2	**616,825**	434,734
Rent, rates and taxes	**23,606**	22,575
Insurance	**46,710**	45,252
Travel and conveyance	**42,062**	33,839
Repairs and maintenance	**482,904**	605,995
Communication, establishment and other expenses	**57,061**	30,323
Depreciation - note 15.2	**1,186,433**	1,051,381
Provision for inventory obsolescence	**113,545**	29,686
Opening stock - work in process	**13,472**	4,801
Closing stock - work in process	**(3,602)**	(13,472)
Subsidy on DAP fertilizer from Government of Pakistan - note 23	**(15,522,573)**	(2,797,017)
Cost of goods manufactured	**23,806,555**	7,415,503
Opening stock - own manufactured fertilizers	**252,267**	99,322
Closing stock - own manufactured fertilizers	**(5,583,460)**	(252,267)
Cost of sales - own manufactured fertilizers	**18,475,362**	7,262,558
Opening stock - purchased fertilizers	**1,246**	139,885
Purchase of fertilizers	**118,144**	19,113
Closing stock - purchased fertilizers	**-**	(1,246)
Cost of sales - purchased fertilizers	**119,390**	157,752
	18,594,752	7,420,310

28.1 As per fertilizer policy, 1989, rate of feed gas being utilized by the Company has been fixed for a period of 10 years. This period has expired at December 2008.

28.2 This includes charge on account of employees' retirement benefits in respect of gratuity, provident fund and compensated absences amounting to Rs. 23,119 thousand, Rs. 14,680 thousand and Rs. 33,290 thousand respectively. (2007: Rs. 12,165 thousand, Rs. 10,689 thousand and Rs. 24,598 thousand respectively).

29. DISTRIBUTION COSTS

	2008	2007
	(Rupees '000)	
Product transportation	**1,440,265**	829,047
Expenses charged by the holding company - note 29.1		
Salaries, wages and benefits	**213,145**	149,319
Rent, rates and taxes	**25,716**	19,438
Technical services	**2,280**	1,515
Travel and conveyance	**36,491**	27,951
Sales promotion and advertising	**9,715**	8,581
Communication, establishment and other expenses	**19,010**	12,808
Warehousing expenses	**23,019**	15,022
Depreciation	**7,223**	4,948
	336,599	239,582
	1,776,864	1,068,629

29.1 These represent common expenses charged by the holding company on account of marketing of the Company's products based on an inter company services agreement.

	2008	2007
	(Rupees '000)	
30. ADMINISTRATIVE EXPENSES		
Salaries, wages and benefits - note 30.1	**137,482**	88,232
Travel and conveyance	**33,491**	12,143
Utilities	**2,123**	1,658
Printing and stationery	**2,207**	2,596
Repairs and maintenance	**3,754**	2,870
Communication, advertisement and other expenses	**11,435**	8,652
Rent, rates and taxes	**2,828**	2,594
Listing fee	**221**	215
Donations - note 30.2	**1,363**	600
Legal and professional	**2,622**	2,483
Depreciation - note - 15.2	**3,639**	4,607
Miscellaneous	**6,218**	4,719
	207,383	131,369

30.1 This includes charge on account of employees' retirement benefits in respect of gratuity, provident fund and compensated absences amounting to Rs. 3,248 thousand, Rs. 3,194 thousand and Rs. 6,667 thousand respectively (2007: Rs. 1,729 thousand, Rs. 2,150 thousand and Rs. 4,112 thousand respectively).

30.2 The Company has not paid donation to any organization in which any director or his spouse has interest.

	2008	2007
	(Rupees '000)	
31. FINANCE COST		
Mark-up on long term financing		
- Banking companies and financial institutions	**114,439**	131,465
- PKIC, an associated company	**14,092**	16,189
	128,531	147,654
Finance charge on leased property, plant and equipment	**29**	206
Mark-up on long term murabaha	**11,921**	13,697
Mark-up on short term borrowings	**1,434,171**	429,735
Interest on Workers' (Profit) Participation Fund	**283**	246
Bank charges	**3,204**	2,554
Exchange loss	**1,213,832**	36,421
	2,791,971	630,513
32. OTHER OPERATING EXPENSES		
Workers' (Profit) Participation Fund - note 10.1	**218,437**	177,786
Workers' Welfare Fund	**88,097**	77,998
Property, plant and equipment written off	**257,332**	-
Loss on sale of property, plant and equipment	**-**	87,293
Auditor's remuneration		
Fees - annual audit	**440**	440
Fees - half yearly review	**100**	100
Other certification & services	**60**	146
Out of pocket expenses	**50**	50
	650	736
	564,516	343,813

33. COMPENSATION FROM GOVERNMENT OF PAKISTAN (GOP)

GOP had committed to pay Rs. 5 billion over a period of seven years in lieu of non - implementation of Fertilizer Policy, 1989. On this account, amounts aggregating Rs. 4.4 billion have been received from GOP. GOP compensation of Rs. 600,000 thousand which was receivable in June 2008 is yet to be received. However, this has been accrued in the books of the Company subject to netting off the agreed GOP loan repayment of Rs. 648,201 thousand for the year 2008.

	2008	2007
	(Rupees '000)	
34. OTHER INCOME		
Income from financial assets		
Profit on bank balances and term deposits	**591,844**	519,152
Surplus on remeasurement of investments at fair value through profit or loss	**-**	88,907
Gain on sale of investments	**140,042**	5,691
	731,886	613,750
Income from assets other than financial assets		
Scrap sales and miscellaneous receipts	**50,710**	37,925
Gain on sale of property, plant and equipment	**3,732**	-
	786,328	651,675
35. TAXATION		
Current	**1,419,206**	-
Deferred	**86,048**	1,359,896
	1,505,254	1,359,896

	2008		2007	
	(Rupees '000)	%	(Rupees '000)	%
35.1 Reconciliation of tax charge for the year:				
Profit before tax	**4,404,875**		3,899,929	
Tax on profit	**1,541,706**	**35.000**	1,364,975	35.000
Tax effect of lower rate on certain income	**(33,305)**	**(0.756)**	-	-
Tax effect of permanent differences	**(3,147)**	**(0.071)**	(5,079)	(0.130)
	1,505,254	**34.173**	1,359,896	34.870

	2008	2007
36. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation (Rupees '000)	**2,899,621**	2,540,033
Weighted average number of ordinary shares in issue during the year (thousands)	**934,110**	934,110
Earnings per share - basic and diluted (Rupees)	**3.10**	2.72

There is no dilutive effect on the basic earnings per share of the Company for the year 2008.

	2008	2007
	(Rupees '000)	
37. CASH GENERATED FROM OPERATIONS		
Profit before taxation	**4,404,875**	3,899,929
Adjustments for:		
Provision for gratuity	**26,367**	13,894
Exchange losses	**1,213,832**	36,421
Provision for compensated absences	**39,957**	28,710
Provision for Workers' (Profit) Participation Fund	**218,437**	177,786
Provision for Workers' Welfare Fund	**88,097**	77,998
Adjustment to property, plant and equipment	**-**	62
Property, plant and equipment written off	**257,332**	-
Depreciation	**1,190,072**	1,055,988
Stock in trade written down to net realisable value	**1,364,208**	-
Finance cost	**1,578,139**	594,092
Compensation from GOP	**(600,000)**	(600,000)
Provision for inventory obsolescence	**113,545**	29,686
Surplus on remeasurement of investments to fair value through profit or loss	**-**	(88,907)
Gain on sale of investments	**(140,042)**	(5,691)
Share of profits of associate and joint venture	**(133,221)**	-
Profit on bank balances	**(591,844)**	(519,152)
(Gain) / loss on sale of property, plant and equipment	**(3,732)**	87,293
	9,026,022	4,788,109
Operating profit before working capital changes		
Changes in working capital		
Stores and spares	**(269,543)**	(441,659)
Stock in trade	**(6,453,001)**	212,589
Trade debts	**(41,703)**	(12,479)
Advances	**14,882**	(18,359)
Trade deposits and short term prepayments	**3,591**	(1,786)
Due from GOP	**(11,710,879)**	165,102
Other receivables	**(382,402)**	311,673
Trade and other payables	**2,779,761**	(506,804)
Sales tax	**(66,430)**	(64,326)
	(16,125,724)	(356,049)
	(7,099,702)	4,432,060

38. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration including benefits applicable to the Chief Executive and executives of the Company are given below:

	2008		2007	
	Chief Executive	**Executives**	Chief Executive	Executives
	(Rupees '000)			
Managerial remuneration	**3,651**	**196,347**	3,975	153,560
Bonus	**-**	**84,775**	-	43,201
Contributory Provident Fund	**163**	**11,764**	183	7,272
Others	**2,246**	**84,880**	1,983	53,147
	6,060	**377,766**	6,141	257,180
No. of person (s)	**1**	**126**	1	90

The above are provided medical facilities. Chief Executive and certain executives are also provided with the Company's maintained vehicles and household equipment in accordance with the Company's policy. Gratuity is payable to the Chief Executive in accordance with the terms of employment and for executives on the basis of actuarial valuations. Leave encashment was paid to executives amounting to Rs. 606 thousand (2007: Rs. 550 thousand) on separation in accordance with the Company's policy.

In addition, the other directors of the Company are paid meeting fee aggregating Rs. 799 thousand (2007: Rs. 36 thousand). No remuneration was paid to directors of the Company; (2007: Nil). The number of directors of the Company was 9 (2007: 9).

39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

39.1 Interest rate risk exposure

The Company's exposure to interest rate risk including contractual repricing or maturity dates, whichever is earlier, and the effective rates on its financial assets and liabilities as of December 31, 2008 are as follows:

	Interest / mark-up bearing								Non-interest / mark-up bearing	
		Maturity								2008
	Effective interest rates %	In one year or less	In more than one year but not more than two years	In more than two years but not more than three years	In more than three years but not more than four years	In more than four years but not more than five years	In more than five years	Total	Total	(Rupees '000)
Financial assets										
Deposits		-	-	-	-	-	-	-	17,197	**17,197**
Trade debts		-	-	-	-	-	-	-	285,454	**285,454**
Advances		-	-	-	-	-	-	-	9,583	**9,583**
Interest accrued		-	-	-	-	-	-	-	65,669	**65,669**
Due from GOP on account of subsidy		-	-	-	-	-	-	-	12,440,060	**12,440,060**
Other receivables		-	-	-	-	-	-	-	591,043	**591,043**
Cash and bank balances	11.97	6,755,864	-	-	-	-	-	6,755,864	1,185,660	**7,941,524**
		6,755,864	-	-	-	-	-	6,755,864	14,594,666	**21,350,530**
Financial liabilities Recognised										
Long term financing	10.79	416,944	416,944	208,472	-	-	-	1,042,360	-	**1,042,360**
Long term murabaha	10.79	38,679	38,679	19,338	-	-	-	96,696	-	**96,696**
Long term loan		-	-	-	-	-	-	-	5,833,806	**5,833,806**
Compensated leave absences		-	-	-	-	-	-	-	116,510	**116,510**
Short term running finances	11.79	18,257,082	-	-	-	-	-	18,257,082	-	**18,257,082**
Trade and other payables	17.50	18,437	-	-	-	-	-	18,437	5,867,111	**5,885,548**
Mark - up accrued		-	-	-	-	-	-	-	593,586	**593,586**
		18,731,142	455,623	227,810	-	-	-	19,414,575	12,411,013	**31,825,588**
Unrecognised										
Contingencies		-	-	-	-	-	-	-	233,111	**233,111**
Commitments		-	-	-	-	-	-	-	1,013,445	**1,013,445**
		-	-	-	-	-	-	-	1,246,556	**1,246,556**
		18,731,142	455,623	227,810	-	-	-	19,414,575	13,657,569	**33,072,144**

	Interest / mark-up bearing								Non-interest / mark-up bearing	
		Maturity								2007
	Effective interest rates %	In one year or less	In more than one year but not more than two years	In more than two years but not more than three years	In more than three years but not more than four years	In more than four years but not more than five years	In more than five years	Total	Total	(Rupees '000)
Financial assets										
Deposits		-	-	-	-	-	-	-	21,433	21,433
Trade debts		-	-	-	-	-	-	-	243,751	243,751
Advances		-	-	-	-	-	-	-	6,729	6,729
Interest accrued		-	-	-	-	-	-	-	96,526	96,526
Due from GOP on account of subsidy		-	-	-	-	-	-	-	729,181	729,181
Other receivables		-	-	-	-	-	-	-	142,211	142,211
Short term investments	10.31	2,150,000	-	-	-	-	-	2,150,000	1,744,662	3,894,662
Cash and bank balances	10.81	3,499,683	-	-	-	-	-	3,499,683	300,886	3,800,569
		5,649,683	-	-	-	-	-	5,649,683	3,285,379	8,935,062
Financial liabilities Recognised										
Long term financing	9.15	416,944	416,944	416,944	208,472	-	-	1,459,304	-	1,459,304
Liabilities against assets subject to finance lease	8.00	2,651	-	-	-	-	-	2,651	-	2,651
Long term murabaha	9.15	38,679	38,679	38,679	19,336	-	-	135,373	-	135,373
Long term loan		-	-	-	-	-	-	-	6,482,007	6,482,007
Compensated leave absences		-	-	-	-	-	-	-	86,294	86,294
Short term running finances	9.70	5,875,341	-	-	-	-	-	5,875,341	-	5,875,341
Trade and other payables	18.75	17,786	-	-	-	-	-	17,786	2,006,815	2,024,601
Mark - up accrued		-	-	-	-	-	-	-	123,887	123,887
		6,351,401	455,623	455,623	227,808	-	-	7,490,455	8,699,003	16,189,458
Unrecognised										
Contingencies		-	-	-	-	-	-	-	210,972	210,972
Commitments		-	-	-	-	-	-	-	3,965,008	3,965,008
		-	-	-	-	-	-	-	4,175,980	4,175,980
		6,351,401	455,623	455,623	227,808	-	-	7,490,455	12,874,983	20,365,438

39.2 Risk management

39.2.1 Concentration of credit risk

The Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the Company applies credit limits to its customers besides obtaining guarantees and by dealing with variety of major banks and financial institutions. The Company's major receivable is from the Government of Pakistan.

39.2.2 Foreign exchange risk management

The Company is exposed to a foreign exchange risk with reference to certain letters of credit opened for import of capital items, raw material and spare parts.

39.2.3 Liquidity risk management

The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines.

39.2.4 Interest rate risk management

Financial assets and financial liabilities include balances of Rs. 6,756 million (2007: Rs. 5,650 million) and Rs. 19,415 million (2007: Rs. 7,490 million) respectively, which are subject to interest rate risk. The Company has long term Rupee based loans at variable interest rates. Applicable interest rates for financial assets and financial liabilities have been indicated in respective notes. Interest risk on short term borrowings is partly managed through profit on placements.

39.2.5 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

39.3 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values except those which are carried at amorized cost.

40. RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Fauji Fertilizer Company Limited (FFC) with 50.88 % holding (2007: 50.88%). FFC is sponsored by Fauji Foundation (FF) which holds 17.29 % shares (2007: 17.29 %) in the Company. Therefore all subsidiaries and associated undertakings of FF and FFC are related parties of the Company. In addition, Pak Kuwait Investment Company (Pvt.) Limited (PKIC), Pakistan Maroc Phosphore S.A, Morocco and Fauji Cement Company Limited are also related parties of the Company due to common directorship. The related parties also comprise of directors, key management personnel, entities over which the directors are able to exercise influence, and employees' funds. Transactions with related parties and the balances outstanding at the year end are given below. The remuneration of Chief Executive, directors and executives is disclosed in note 38 to the financial statements.

	2008	2007
	(Rupees '000)	
Transactions with the holding company		
Services and material acquired	**339,691**	252,298
Services and material provided	**1,535**	580
Commission charged to the Company	**20,080**	16,886
Dividend paid	**684,336**	1,205,904
Balance receivable at the year end - unsecured	**413,529**	67,540
Transactions with associated undertakings due to common directorship		
Goods sold	**1,842**	497
Rent charged to the Company	**852**	774
Dividend paid	**240,995**	418,222
Repayment of principal portion of long term finance	**45,714**	45,714
Financial charges	**14,092**	16,189
Investment	**300,000**	-
Loan balance payable at the year end - secured	**114,286**	160,000
Balance receivable at the year end - unsecured	**1,842**	498
Transactions with joint venture company		
Purchase of raw materials	**26,717,686**	-
Expenses incurred on behalf of joint venture company	**23,930**	10,397
Balance payable at the year end - secured	**4,212,313**	-
Balance receivable at the year end - unsecured	**20,501**	2,559
Other related parties		
Contribution to Provident Fund	**17,874**	12,839
Payment to Gratuity Fund	**17,950**	13,894
Payment to Workers' (Profit) Participation Fund	**218,069**	175,219
Balance payable at the year end - secured	**-**	544,897
Balance payable at the year end - unsecured	**262,094**	173,346
Payable to gratuity fund	**8,418**	-

	2008	2007
	(Tonnes)	
41. GENERAL		
41.1 Production capacity		
Design capacity		
Urea	**551,100**	551,100
DAP	**445,500**	445,500
Actual production		
Urea	**667,697**	487,720
DAP	**470,999**	356,706

41.2 The Board of Directors in their meeting held on January 20, 2009 have proposed a final dividend of Rs. 2.25 per ordinary share.

41.3 These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on January 20, 2009.

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

Pattern of Shareholding

As at December 31, 2008

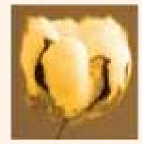
	Pattern of Shareholding	Number of Shares
1.	**Associated Companies, Undertaking and Related parties**	
	Fauji Fertilizer Company Ltd	475,232,996
	Fauji Foundation	161,501,286
	Pakistan Kuwait Investment Co. (Pvt) Ltd	7,043,845
2.	**NIT and ICP**	
	National Bank of Pakistan Trustee Deptt	2,074,090
	National Investment Trust Ltd	229,657
	National Investment Trust Ltd (EMOF-2008)	1,306,000
	NBP Trustee - NI(U)T (LOC) Fund	107,410
3.	**Directors, CEO and their spouses and minor children**	
	Lt Gen Hamid Rab Nawaz, HI(M), (Retd)	-
	Lt Gen Anis Ahmed Abbasi, HI(M), (Retd)	1
	Lt Gen Munir Hafiez, HI(M), (Retd)	1
	Mr Qaiser Javed	1
	Mr Istaqbal Mehdi	1
	Brig Arif Rasul Qureshi, SI(M), (Retd)	1
	Brig Rahat Khan SI(M), (Retd)	-
	Dr Nadeem Inayat	-
	Brig Liaqat Ali, TI(M), (Retd)	-
4.	**Company Executives**	200,449
5.	**Public Sector Companies and Corporations**	-
6.	**Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds**	103,818,742
7.	**Shareholders holding ten percent or more voting interest**	
	• Fauji Fertilizer Company Ltd	475,232,996
	• Fauji Foundation	161,501,286

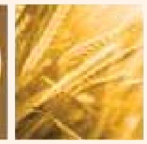
Sr. No.	Categories of Shareholders	Number of Shareholders	Number of Shares	Percentage %
1	Individual	15224	125,547,020	13.44
2	Investment Companies	17	8,873,315	0.95
3	Insurance Companies	21	8,773,823	0.94
4	Joint Stock Companies	254	495,528,729	53.05
5	Financial Institutions	62	46,103,097	4.94
6	Modarabas	13	832,716	0.09
7	Foreign Companies	11	308,500	0.03
8	Co-op Societies	2	12,304	0.00
9	Leasing Companies	4	461,000	0.05
10	Charitable Trusts	14	164,147,560	17.57
11	Mutual Funds	55	38,774,791	4.15
12	Others	63	44,747,145	4.79
	Total	**15740**	**934,110,000**	**100.00**

Pattern of Shareholding

As at December 31, 2008

Number of Shareholders	Shareholding From		Shareholding To	Total Number of Shares
699	1	-	100	38,234
4218	101	-	500	1,947,774
3224	501	-	1,000	2,733,435
4239	1,001	-	5,000	12,036,542
1329	5,001	-	10,000	10,595,580
485	10,001	-	15,000	6,194,208
316	15,001	-	20,000	5,866,175
212	20,001	-	25,000	4,948,679
149	25,001	-	30,000	4,217,948
80	30,001	-	35,000	2,636,384
88	35,001	-	40,000	3,396,816
38	40,001	-	45,000	1,622,183
105	45,001	-	50,000	5,164,655
33	50,001	-	55,000	1,740,366
37	55,001	-	60,000	2,156,173
32	60,001	-	65,000	2,021,776
22	65,001	-	70,000	1,507,614
15	70,001	-	75,000	1,100,688
21	75,001	-	80,000	1,648,517
10	80,001	-	85,000	822,496
13	85,001	-	90,000	1,162,800
6	90,001	-	95,000	555,025
53	95,001	-	100,000	5,280,816
9	100,001	-	105,000	927,623
13	105,001	-	110,000	1,416,910
10	110,001	-	115,000	1,128,087
10	115,001	-	120,000	1,178,472
8	120,001	-	125,000	992,262
8	125,001	-	130,000	1,030,042
3	130,001	-	135,000	396,624
8	135,001	-	140,000	1,103,084
1	140,001	-	145,000	145,000





Number of Shareholders	Shareholding			Total Number of Shares
	From		To	
15	145,001	-	150,000	2,239,148
2	150,001	-	155,000	305,347
2	155,001	-	160,000	318,500
1	160,001	-	165,000	163,763
6	165,001	-	170,000	1,009,152
6	170,001	-	175,000	1,035,846
4	175,001	-	180,000	716,000
2	180,001	-	185,000	363,104
3	185,001	-	190,000	567,608
4	190,001	-	195,000	771,652
17	195,001	-	200,000	3,396,500
3	200,001	-	205,000	608,777
3	205,001	-	210,000	626,059
2	210,001	-	215,000	425,236
3	215,001	-	220,000	656,564
3	220,001	-	225,000	667,216
5	225,001	-	230,000	1,143,630
1	235,001	-	240,000	236,500
3	240,001	-	245,000	732,000
5	245,001	-	250,000	1,245,500
2	250,001	-	255,000	508,000
1	255,001	-	260,000	260,000
2	260,001	-	265,000	525,500
2	270,001	-	275,000	547,000
3	275,001	-	280,000	838,720
2	280,001	-	285,000	569,000
1	290,001	-	295,000	294,500
4	295,001	-	300,000	1,200,000
3	300,001	-	305,000	902,000
2	305,001	-	310,000	617,000
2	310,001	-	315,000	624,000
2	320,001	-	325,000	647,972

Pattern of Shareholding

As at December 31, 2008

Number of Shareholders	Shareholding From		Shareholding To	Total Number of Shares
5	335,001	-	340,000	1,690,131
1	340,001	-	345,000	341,000
3	345,001	-	350,000	1,046,000
2	350,001	-	355,000	707,260
1	355,001	-	360,000	360,000
1	360,001	-	365,000	365,000
3	365,001	-	370,000	1,105,000
1	370,001	-	375,000	374,648
1	380,001	-	385,000	385,000
3	395,001	-	400,000	1,200,000
2	400,001	-	405,000	805,158
1	420,001	-	425,000	423,000
2	430,001	-	435,000	865,500
2	435,001	-	440,000	878,000
1	445,001	-	450,000	450,000
1	455,001	-	460,000	457,250
1	465,001	-	470,000	469,500
1	470,001	-	475,000	472,250
1	475,001	-	480,000	480,000
3	495,001	-	500,000	1,500,000
1	510,001	-	515,000	515,000
3	515,001	-	520,000	1,550,500
3	520,001	-	525,000	1,570,000
2	525,001	-	530,000	1,057,153
2	535,001	-	540,000	1,077,000
3	545,001	-	550,000	1,647,500
2	550,001	-	555,000	1,106,000
3	570,001	-	575,000	1,717,675
2	585,001	-	590,000	1,177,500
2	595,001	-	600,000	1,200,000
1	640,001	-	645,000	642,500
1	655,001	-	660,000	655,500

Number of Shareholders	Shareholding From		Shareholding To	Total Number of Shares
1	660,001	-	665,000	663,000
1	665,001	-	670,000	666,000
1	675,001	-	680,000	680,000
1	690,001	-	695,000	694,000
2	695,001	-	700,000	1,400,000
1	705,001	-	710,000	705,501
1	730,001	-	735,000	733,000
1	740,001	-	745,000	742,000
1	795,001	-	800,000	800,000
1	800,001	-	805,000	800,100
1	805,001	-	810,000	810,000
1	890,001	-	895,000	895,000
1	895,001	-	900,000	900,000
1	940,001	-	945,000	943,300
1	955,001	-	960,000	960,000
1	970,001	-	975,000	972,000
4	995,001	-	1,000,000	4,000,000
1	1,010,000	-	1,015,000	1,011,000
2	1,045,001	-	1,050,000	2,100,000
1	1,075,001	-	1,080,000	1,076,000
1	1,105,001	-	1,110,000	1,106,136
1	1,160,001	-	1,165,000	1,161,000
1	1,195,001	-	1,200,000	1,200,000
1	1,225,001	-	1,230,000	1,227,000
1	1,260,001	-	1,265,000	1,261,200
1	1,270,001	-	1,275,000	1,272,500
1	1,300,001	-	1,305,000	1,301,100
1	1,305,001	-	1,310,000	1,306,000
1	1,320,001	-	1,325,000	1,325,000
1	1,395,001	-	1,400,000	1,400,000
1	1,460,001	-	1,465,000	1,460,222
2	1,495,001	-	1,500,000	3,000,000

Pattern of Shareholding

As at December 31, 2008

Number of Shareholders	Shareholding		Total Number of Shares
	From	To	
1	1,500,001	1,505,000	1,500,500
1	1,550,001	1,555,000	1,555,000
1	1,595,001	1,600,000	1,600,000
1	1,760,001	1,765,000	1,765,000
1	1,810,001	1,815,000	1,812,000
1	1,995,001	2,000,000	1,999,000
1	2,000,001	2,005,000	2,003,244
1	2,015,001	2,020,000	2,019,000
1	2,070,001	2,075,000	2,073,090
1	2,155,001	2,160,000	2,160,000
1	2,195,001	2,200,000	2,200,000
1	2,210,001	2,215,000	2,213,915
1	2,305,001	2,310,000	2,306,257
1	2,470,001	2,475,000	2,472,500
1	2,500,001	2,505,000	2,502,500
1	2,550,001	2,555,000	2,551,000
1	2,650,001	2,655,000	2,651,000
1	2,945,001	2,950,000	2,950,000
1	3,520,001	3,525,000	3,525,000
1	3,550,001	3,555,000	3,550,827
1	4,090,001	4,095,000	4,092,674
1	4,320,001	4,325,000	4,325,000
1	4,975,001	4,980,000	4,980,000
1	5,445,001	5,450,000	5,450,000
1	6,275,001	6,280,000	6,277,000
1	6,630,001	6,635,000	6,633,500
1	7,040,001	7,045,000	7,043,845
1	9,365,001	9,370,000	9,367,500
1	24,455,001	24,460,000	24,459,500
1	161,500,001	161,505,000	161,501,286
1	475,230,001	475,235,000	475,232,996
15740			**934,110,000**

Notes:

FORM OF PROXY
15th Annual General Meeting

The Company Secretary
Fauji Fertilizer Bin Qasim Limited,
73- Harley Street,
Rawalpindi.

I / We ____________________
of ____________________
being a member(s) of Fauji Fertilizer Bin Qasim Limited hold ____________________
Ordinary Shares and hereby appoint Mr / Mrs / Miss ____________________
of ____________ or failing him / her ____________________
of ____________ as my / our proxy in my / our absence to attend and vote for me / us on my / our behalf at the 15th Annual General Meeting of the Company to be held on 19 March 2009 and / or any adjournment thereof.
In witness thereof I / We have signed and set my / our seal thereon this ____________________
day of ____________ 2009 in the presence of ____________________

Folio No	CDC Account No	
	Participant ID	Sub Account No

Signature on
Five Rupees
Revenue Stamp

The Signature should agree with the
specimen registered with the Company

IMPORTANT

1. This Proxy Form, duly completed and signed, must be deposited at the registered office of the Company, 73-Harley Street, Rawalpindi not less than 48 hours before the time of holding of the meeting.

2. If a member appoints more than one proxies and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

3. For CDC account holders/ Corporate Entities

In addition to the above following requirements have to be met:

i) Attested copies of CNICs or the passport of the beneficial owners shall be provided with the proxy form.
ii) The proxy shall produce his/her original CNIC or passport at the time of the meeting.

iii) In case of a Corporate Entity, the Board of Directors resolution/ power of attorney with specimen signature shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

Fold Here

Fold Here

The Company Secretary
FAUJI FERTILIZER BIN QASIM LIMITED
73-Harley Street, Rawalpindi

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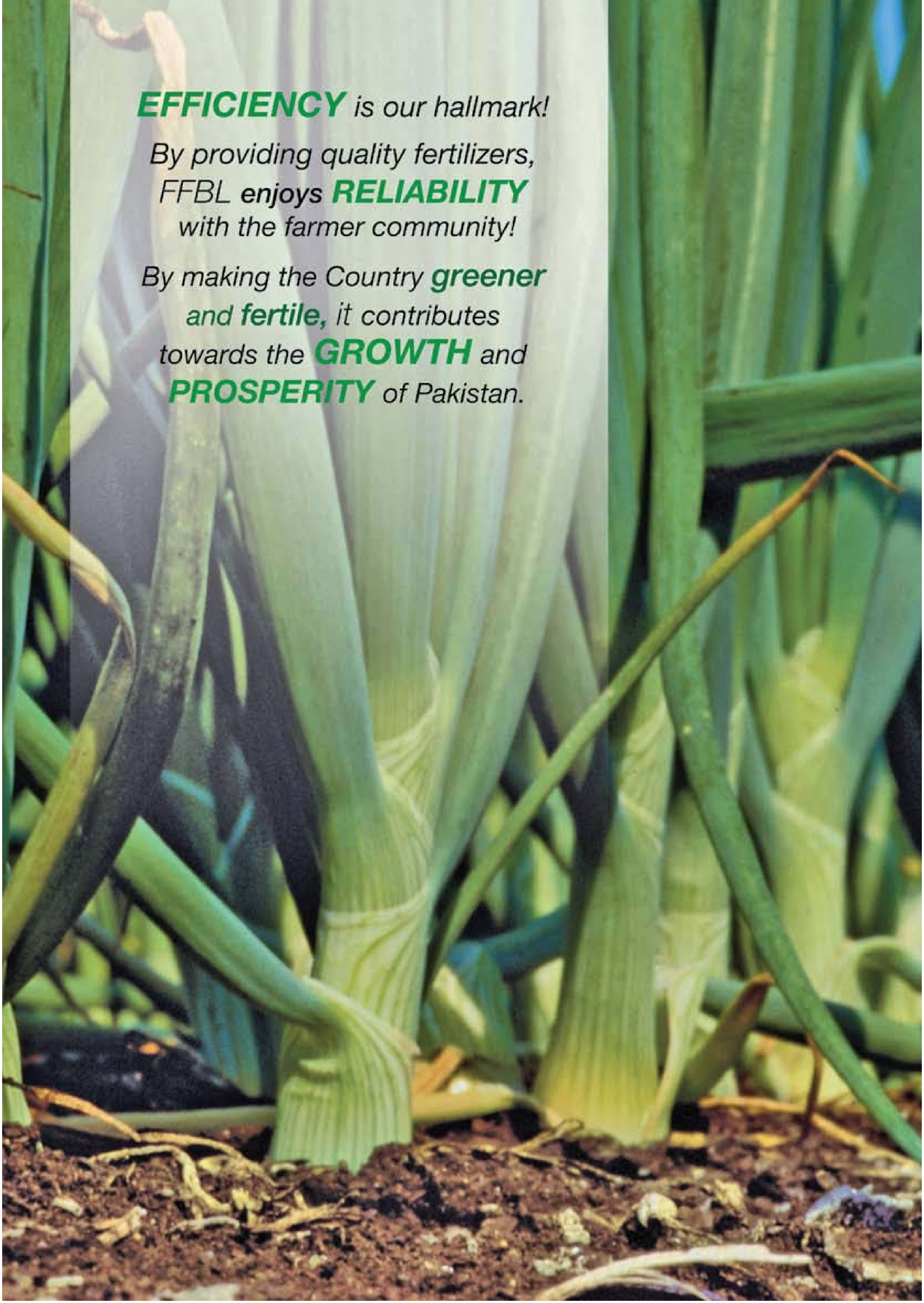
EFFICIENCY is our hallmark!
By providing quality fertilizers,
FFBL enjoys RELIABILITY
with the farmer community!
By making the Country greener
and fertile, it contributes
towards the GROWTH and
PROSPERITY of Pakistan.

FFBL

Fauji Fertilizer Bin Qasim Limited

Head Office:
73-Harley Street, Rawalpindi - Pakistan.
Tel: +92-51-9272196-7 Fax: 9272198-9

Plantsite:
EZ/I/P-1, Eastern Zone, Bin Qasim, Karachi - Pakistan.
Tel: +92 - 21- 4724501-15 Fax: +92-21-4724530

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