FFBL Now Among the TOP 25 Companies of Pakistan

FFBL
Fauji Fertilizer Bin Qasim Limited

For The Year Ended Dec 31, 2010 Annual Report

Turning **Green** into **Gold!**

FFBL Annual Report 2010

Turning Green into Gold!

The rewards for contributing to the national prosperity are two-fold. Firstly, there is a sense of accomplishment associated with the realization that we are serving our motherland. And secondly, as the national economy grows, so do the businesses and individuals working in it.

This natural correlation has benefited FFBL as well. By the grace of Allah, we have joined the ranks of the top 25 companies of Pakistan. But to us, this is a milestone and not a destination. We aim to go further and higher, and set new benchmarks for industry.

Along with our focus on future, we are mindful of the present and never lose sight of our social responsibility. We have always been attentive to the needs of the people of Pakistan. That is why we have made a substantial donation towards the flood relief efforts.

Our consistent growth and profitability are a consequence of our hard work combined with the trust our consumers have in us. And time has proved that this relationship is as good as gold.

company **standing**

Highest-Ever Yearly Production

DAP 660 Thousand Tonnes

Highest-Ever Earnings After Tax

Rs 6.5 Billion

Highest-Ever Dividend Declared

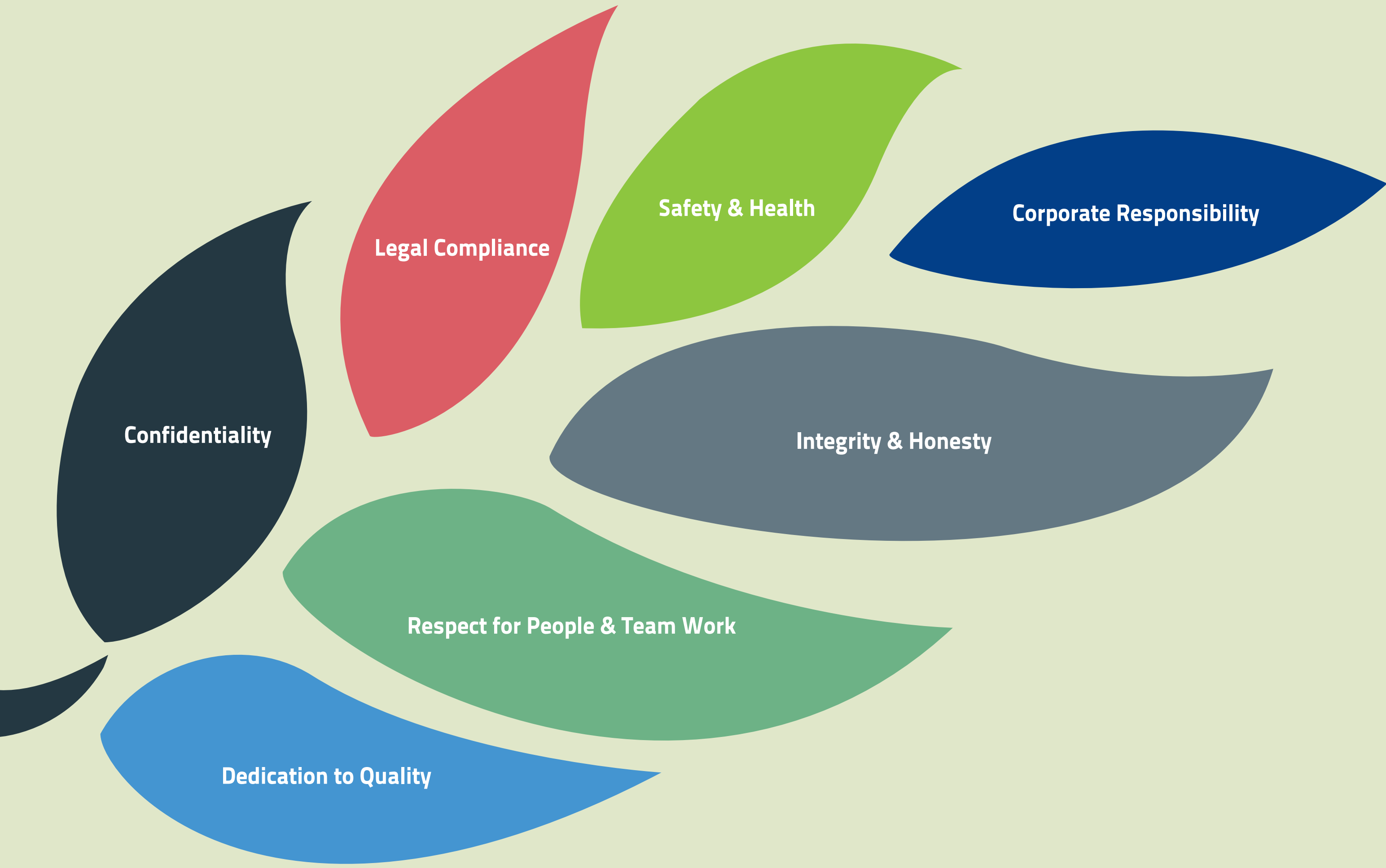
Rs 6.1 Billion

Contribution To The National Exchequer

Rs 6.5 Billion

the **inside**

corporate **values**



Directors

Lt Gen Hamid Rab Nawaz, HI(M), (Retired)
Chairman

Lt Gen Anis Ahmed Abbasi HI(M), (Retired) (Resigned as CE & MD on 25 Jan 2011)

Lt Gen Muhammad Zaki, HI, HI(M), (Retired) (Appointed CE & MD on 26 Jan 2011)
Chief Executive & Managing Director

Lt Gen Malik Arif Hayat, HI(M), (Retired)

Mr Qaiser Javed

Brig Rahat Khan, SI(M), (Retired)

Dr Nadeem Inayat

Brig Liaqat Ali, TI(M), (Retired)

Brig Jawaid Rashid Dar SI(M), (Retired)

Brig Parvez Sarwar Khan SI(M), (Retired)

Mr Naved A. Khan

Mr Nasier A. Shaikh

Dr Rashid Bajwa

Company Secretary

Brig Javed Nasir Khan, SI(M), (Retired)

Chief Financial Officer

Syed Aamir Ahsan

Registered Office

73-Harley Street, Rawalpindi, Pakistan
Tel : (051) 9272196-97
Fax : (051) 9272198-99
E-mail : secretary@ffbl.com
Web : http://www.ffbl.com.pk

Auditors

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

Plantsite

Fauji Fertilizer Bin Qasim Limited
Plot No. EZ/I/P-1 Eastern Zone,
Port Qasim, Karachi 75020.
Tel : (021)34724500-29, 34750706-10
Fax : (021)34750704, 34724530
Email : information@ffbl.com

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

Web Presence

Updated Company's information together with the latest Annual Report can be accessed at www.ffbl.com.pk

company **information**

corporate **mission**

Fauji Fertilizer Bin Qasim Limited 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.

corporate **vision**

To be a premier organization focused on quality and growth, leading to enhanced stakeholders' value.

mission & vision

what makes us **feel proud**

FFBL Now Among the TOP 25 Companies of Pakistan

FFBL in
2010
Now we are one of the top 25 companies of Pakistan

FFBL Incorporated in
1993
Fueling Pakistan's agriculture

Produced UREA
524
thousand tonnes
Saving nation's precious foreign exchange

FFBL in
CSR
Helping our brethren who became flood victims

Offshore Investment
PMP
First offshore direct investment by FFBL

Implemented
SAP & ITET
Excellence through technology, integration

Environment
Friendly
Implementing environment friendly processes/projects

Best
Employer
We care our human capital by rewarding merit

Produced DAP
660
thousand tonnes
Sole producer of DAP in Pakistan

company **goals**

Bolstering up the food basket,
strengthening Pakistan

TO BE THE BEST & CARING EMPLOYER

MAINTAINING TECHNOLOGICAL & MANAGEMENT EXCELLENCE

TO BE THE BEST QUALITY PRODUCER IN PAKISTAN

TO BE RESPONSIBLE IN SOCIAL RESPONSIBILITY

TO BE A LEADER IN FERTILIZER BUSINESS

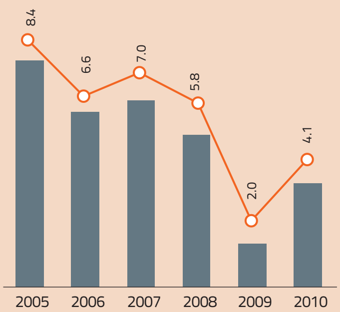
ENVIRONMENT FRIENDLY COMPANY

FFBL contributes to make Pakistan economy tick

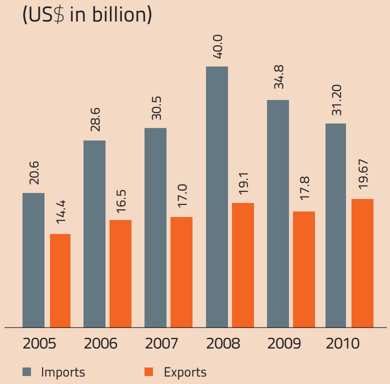
Pakistan at a **glance**

Area Total	796,095 Sq. km
Population	165 million (1998 census)
Annual per capita income	US $1000
GDP	US $161,989,976,156 (2009)
GDP Growth	4.1% (10), 2.1% (09), 5.80% (07-08), 7.00% (06-07), 6.60% (05-06), 8.40% (04-05)
Imports	US $ 31,20 billion
Exports	US $ 19,67 billion
Foreign Exchange Reserves	US $ 16,750 Billion (2009 - 2010)
Literacy rate	53%
Major Crops	Cotton, wheat, rice and sugarcane
Agricultural Growth Rate	2.00 % (2010)
Total cropped area	25.01 million hectares
Manufacturing Growth Rate	5.17% (2010)
Energy	Electricity (hydel, thermal, nuclear) oil, coal and LPG
Employment	
Employed Labour Force	43.22 million
Agriculture Sector	18.60 million
Manufacturing & Mining	5.96 million
Construction	2.52 million
Trade	6.39 million
Transport	2.48 million
Others	6.98 million

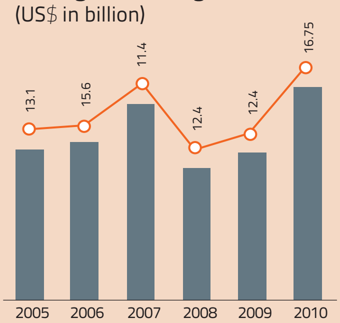
GDP - Growth
(Percent)



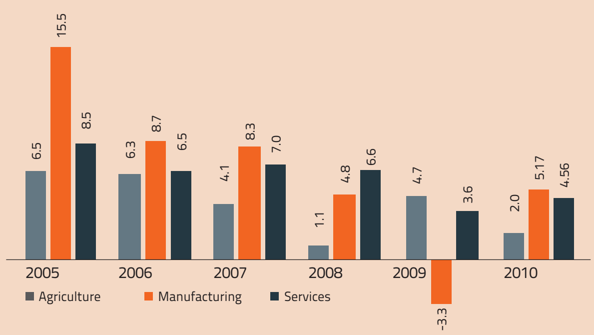
Foreign Trade
(US$ in billion)



Foreign Exchange Reserves
(US$ in billion)



Sectoral Contribution GDP
(Percent)



Board's **Profile**

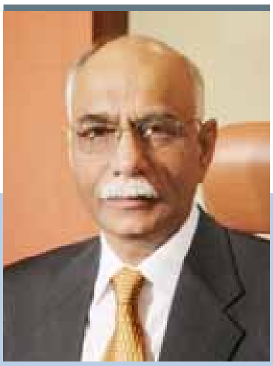
Lt Gen Hamid Rab Nawaz, HI(M), (Retd) had a distinguished career of service in Pakistan Army, spanning over a period of 37 years. He has been decorated with Hilal-i-Imtiaz (Military) for his meritorious services. He is a graduate of Command and Staff College Quetta and National Defence University, Islamabad. At present, he is Managing Director of Fauji Foundation and Chairman of its subsidiary companies-the largest conglomerate of Pakistan.

Lt Gen Muhammad Zaki, HI, HI (M), (Retd) is the Chief Executive & Managing Director of Fauji Fertilizer Bin Qasim Limited. He was commissioned in the Army on 12 December 1971. He is a graduate of Command and Staff College Quetta and National Defense University, Islamabad. The General Officer had eminent career in the Army, serving on various command and staff assignments. In recognition to his outstanding services, he was awarded Hilal-e-Imtiaz, (HI) and Hillal-e-Imtiaz Military, HI (M).

Lt Gen Malik Arif Hayat, HI(M), (Retd) is the Chief Executive and Managing Director of Fauji Fertilizer Company Limited. He was commissioned in the Army in 1971. He is a graduate of Command and Staff College, Quetta and National Defence University, Islamabad. Has served on various Command Staff & Instructional assignments in his illustrious career in the Army including the important appointments of Director General Command, Control and Communication, Computer & Intelligence(C4I) at GHQ and Commandant Command and staff College Quetta. He has also commanded an Infantry Division.

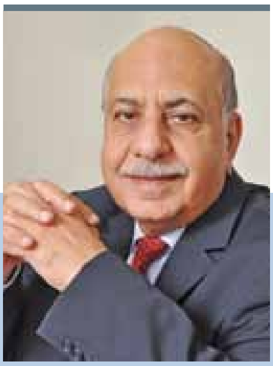
Mr Qaiser Javed is a Fellow Member of Institute of Chartered Accountants of Pakistan and Institute of Taxation Management of Pakistan. He joined Fauji Foundation in 1976. Presently he is holding the position of Director Finance. He is a member of Board of Directors of Pakistan Maroc Phosphore S.A. In addition to being a Director on the FFBL Board, he is also the Chairman of Audit Committee.

Lt Gen Hamid Rab Nawaz
HI(M), (Retired) Chairman



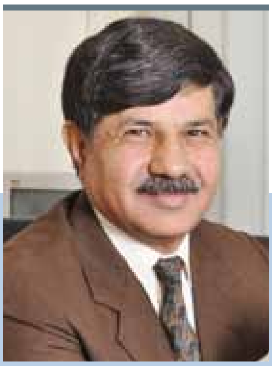
Lt Gen Muhammad Zaki
HI, HI(M), (Retired) CE & MD

Lt Gen Malik Arif Hayat
HI(M), (Retired) Director



Mr Qaiser Javed
Director

Brig Rahat Khan, SI(M), (Retd) is Director (Planning and Development) of Fauji Foundation. He is a graduate of Military College of Engineering, Command and Staff College, Quetta and the National Defence University, Islamabad. He holds masters degree in Civil Engineering from Michigan State University , USA . Presently he is the Project Director Foundation Power Company (Daharki) Limited (FPCDL). He is a member of FFBL Board.



Brig Rahat Khan
SI(M), (Retired) Director

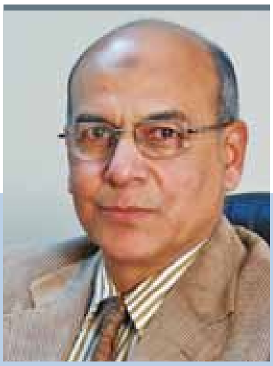
Dr Nadeem Inayat is an outstanding professional, having rich experience in managing, operating and advising investment portfolio to top tier Banks and organizations of the Country at senior level. Presently he is holding the position of Corporate Advisor and Head of Investment Division in Fauji Foundation. He is a member of FFBL Board since Jul 2006. He is also a member of Board of Directors of Pakistan Maroc Phosphore S.A.

Dr Nadeem Inayat
Director

Brig Liaquat Ali TI(M), (Retd) is Director Human Resources & Administration at Fauji Foundation. He is graduate of Command and Staff College, Quetta. He is a member of FFBL Board of Directors since 1st Dec 2008.

Brig Liaqat Ali
TI(M), (Retired) Director

Brig Jawaid Rashid Dar, SI(M) (Retd) had a distinguished career of serving Army, spanning over 34 years. He held varied Command, Staff and Instructional appointments. He is a graduate of Command and Staff College Quetta, School of Armour Foxt Knox USA and National Defence University, Islamabad. He commanded a Brigade. In recognition to his outstanding services, he was awarded Sitara-e-Imtiaz (Military). At present, he is working as Director Welfare (Health) Fauji Foundation Head Office Rawalpindi.



Brig Jawaid Rashid Dar
SI(M), (Retired) Director

Board's **Profile**

Brig Parvez Sarwar Khan, SI(M) (Retd) is Director Industries of Fauji Foundation. He is graduate of Command and Staff College Quetta and National Defence University Islamabad. He served on varied command, staff and instructional appointments. In recognition of his outstanding services, has been awarded Sitara-e-Imitiaz (Military). He is a member of FFBL Board.

Naved A. Khan is President & CEO at Faysal Bank Ltd and has over 24 years of work experience with 20 years of broad-based and varied Corporate and Investment banking experience. His last assignment was as CEO-ABN AMRO Bank Pakistan Ltd. Prior to joining ABN AMRO, he has been associated in senior management positions with Bank of America, Pakistan. He did MBA from Butler University, USA. He was the President of Pakistan Banks Association for 2006 & 2007. He is currently the Vice President of Institute of Banker's Pakistan (IBP). He is also the Chairman of ECH Task Force, SBP; Vice President of Management Committee of OICCI and Chairman of OICCI's Banking, Leasing and Insurance Sub Committee; Member of the Board of KSEW and Board Member of Rotary Club of Karachi Metropoliton.

Nasier A. Sheikh is Law Graduate, he has over 38 years experience in Banking/ Financial Sector in local as well as International Banks. He has held various high profile positions in Banks in Sri Lanka, UAE and Pakistan and rose to be SEVP and 2nd in Askari Bank Ltd, before taking over another group company of Army Welfare Trust, Askari Leasing Ltd. as CEO. During his five years tenure with the company, he achieved a complete turnaround of the company from a loss making entity to a highly profitable entity, taking it to be the 2nd largest leasing company in Pakistan. He was also Director/ Chariman of Audit Committee of Askari Insurance Ltd. An other group company of AWT. In Feb, 2008, he was appointed as Administrator of Natover Leasing Ltd by SECP, after superseding its Board of Directors, and restrain the CEO of the Company under Sec. 282 of Companies Ord 1984, to run the affairs of the Company, a task he performed successfully till Feb, 2010.

Dr Rashid Bajwa is a MBBS, Gold Medalist and College color holder of King Edward Medical College as well as Distinction with HM Queen's commendation in MPH Nuffield Institute for Health, University of Leeds, UK. He is also MD, ECFMG, USA. He has Professional experience of Development specialist with experience of nonprofit corporate sector and Government. Chief Executive Officer, National Rural Support Programme (NRSP) 1996- to date. Worked as Senior Advisor of Khushaali Bank Pakistan. He is Ex Member of Civil Service of Pakistan (DMG) 1986 -93, worked at all levels of the Government.

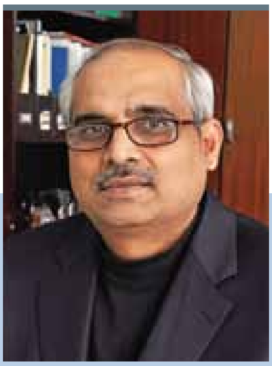
Financial management for non profit FIPED, Kennedy School of Government, Harvard University, USA 2007.

Joined as a Director with Fauji Fertilizer Bin Qasim Limited with effect from 26 Aug 2010.

Brig Parvez Sarwar Khan
SI(M), (Retired) Director

Mr Naved A. Khan
Director

Mr Nasier A. Sheikh
Director



Dr Rashid Bajwa
Director

Brig Javed Nasir Khan, SI(M), (Retd) commissioned on 29 Aug 1971, the Brigadier holds a distinguished career of 32 years in Pak Army. Has served on varied command, staff and instructional appointments. He is a graduate of Command & Staff College Quetta and National Defence University, Islamabad. Has also commanded a Brigade. In recognition to his outstanding services, has been awarded Sitara-e-Imtiaz Military SI(M). After retirement, has joined FFBL with effect from 18 April 2008.

Brig Javed Nasir Khan
SI(M), (Retired) Company Secretary

Syed Aamir Ahsan, is currently serving as Chief Financial Officer / General Manager Finance in Fauji Fertilizer Bin Qasim. He is a graduate from the University of South Florida, USA. He is a Certified Public Accountant (CPA) from the University of Illinois, USA. He has a rich professional experience and has served with South West Florida Regional Medical Center in Florida USA as Budget and Review Manager from 1988 to 1993. After returning from USA he joined Engro Chemical Pakistan Limited and served with them in various capacities from 1993 to 2002.

Syed Aamir Ahsan
Chief Financial Officer

FFBL Now Among the TOP 25 Companies of Pakistan

Leading with technological prowess

Operating **Highlights**

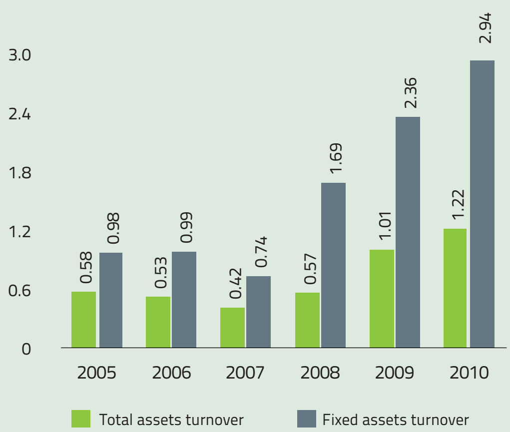
KEY INDICATORS		2010	2009	2008	2007	2006	2005
Operating							
Gross profit margin	%	31.12	26.32	30.67	39.39	31.85	32.01
EBITDA margin to sales	%	27.59	23.10	31.27	45.63	35.08	35.88
Pre tax margin	%	22.39	15.82	16.42	31.85	25.54	27.46
After tax margin	%	15.06	10.30	10.81	20.75	16.62	17.18
Performance							
Return on total assets *	%	18.44	10.45	5.37	7.40	7.19	8.11
Total assets turnover	Times	1.22	1.01	0.57	0.42	0.53	0.58
Fixed assets turnover	Times	2.94	2.36	1.69	0.74	0.99	0.98
Inventory turnover	Days	15	47	61	34	33	24
Return on paid up share capital *	%	69.74	40.51	26.87	23.02	21.30	21.35
Return on capital employed	%	32.66	19.43	14.11	13.04	12.70	13.43
Leverage							
Debt : Equity		39:61	45:55	49:51	56:44	56:44	57:43
Current Ratio	Times	1.19	1.10	1.09	1.17	1.34	1.46
Quick Ratio	Times	0.98	0.92	0.82	0.97	1.15	1.21
Valuation							
Earnings per share	Rs	6.97	4.05	3.10	2.72	2.62	2.62
Earning growth	%	72.20	30.51	14.16	3.82	-	32.32
Break up value	Rs	13.07	11.41	11.23	9.11	9.14	8.27
Dividend per share - Interim	Rs	3.05	1.75	0.60	1.50	1.25	2.00
Dividend per share - Proposed Final **	Rs	3.50	2.25	2.25	1.00	1.25	0.50
Dividend payout ratio ***	%	93.92	98.73	91.94	91.90	95.42	95.42
Dividend cover ratio	%	106.47	101.25	108.92	108.77	104.69	104.80
Dividend yield ratio	%	18.33	15.31	22.09	5.95	8.83	6.55

* Return represents profit after taxation, excluding net of tax GOP compensation till December 31, 2008.
** Post balance sheet event.
*** Including proposed final dividend.

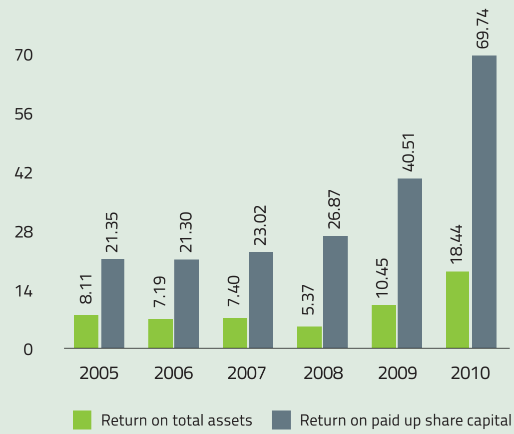
KEY INDICATORS		2010	2009	2008	2007	2006	2005
Valuation							
Price earning ratio	Times	5.12	6.45	4.16	15.46	10.81	14.56
Market price per share	Rs	35.73	26.13	12.90	42.05	28.30	38.15
Earning yield ratio	%	19.52	15.50	24.06	6.47	9.25	6.87
Market capitalisation	Rs (M)	33,376	24,408	12,050	39,279	26,435	35,636
HISTORICAL TRENDS							
			Rs in Million				
Trading Results							
Sales - net		43,257	36,725	26,821	12,243	14,707	14,255
Gross profit		13,463	9,665	8,226	4,823	4,684	4,563
Profit before tax		9,686	5,808	4,405	3,900	3,757	3,915
EBITDA		11,934	8,485	8,387	5,586	5,159	5,114
Profit after tax		6,514	3,784	2,900	2,540	2,445	2,449
Financial Position							
Shareholders' equity		12,210	10,660	10,486	8,509	8,538	7,728
Property , plant and equipment		14,707	15,577	15,847	16,458	14,930	14,563
Working capital		2,929	1,697	2,273	1,591	2,893	2,922
Non current liabilities		7,737	8,818	10,066	10,967	10,714	10,508
Summary of Cash Flows							
Net cash generated from / (used in) operating activities		7,388	20,744	(9,557)	3,653	2,261	4,197
Net cash generated from / (used in) investing activities		871	(266)	1,975	(3,966)	(2,019)	(971)
Net cash used in financing activities		(6,259)	(3,845)	(2,209)	(2,916)	(2,233)	(2,433)
Net increase / (decrease) in cash and cash equivalents		2,000	16,633	(9,791)	(3,229)	(1,991)	793

Financial **Highlights**

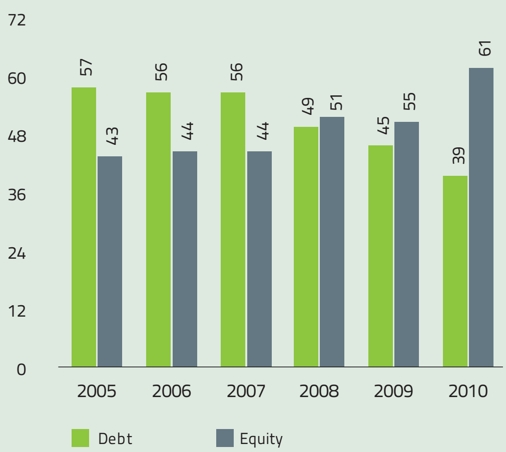
Assets Turnover
Times



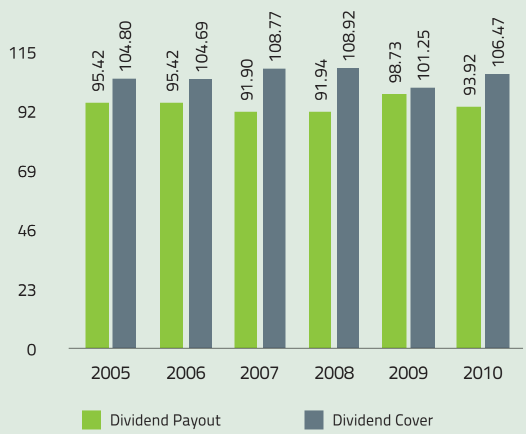
Performance
Percentage



Debt : Equity



Dividend Cover & Payout
Percentage

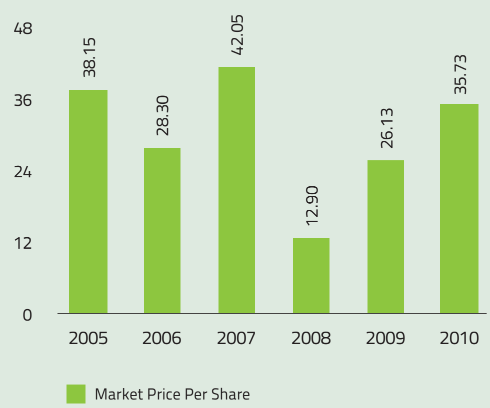


Trading Results
Rupees (Billion)

Financial Position
Rupees (Billion)

Break Up Value
Rupees

Market Price Per Share
Rupees



Horizontal & Vertical **Analysis**

Rs. Million

HORIZONTAL ANALYSIS BALANCE SHEET	2010 Rs	10 Vs. 09 %	2009 Rs	09 Vs. 08 %	2008 Rs	08 Vs. 07 %	2007 Rs	07 Vs. 06 %	2006 Rs	06 Vs. 05 %	2005 Rs	05 Vs. 04 %
EQUITY AND LIABILITIES												
Equity												
Share capital	9,341	-	9,341	-	9,341	-	9,341	-	9,341	-	9,341	-
Capital reserves	919	(1.39)	932	16.50	800	250.88	228	-	228	-	228	-
Accumulated gain / (loss)	1,950	403.88	387	12.17	345	(132.52)	(1,061)	2.81	(1,032)	(43.97)	(1,842)	(23.98)
	12,210	14.54	10,660	1.66	10,486	23.25	8,508	(0.34)	8,537	10.48	7,727	8.13
Non-Current liabilities												
Long term liabilities	3,889	(18.38)	4,765	(18.81)	5,869	(15.83)	6,973	(13.70)	8,080	(12.05)	9,187	(10.76)
Deferred taxation	3,848	(5.06)	4,053	(3.43)	4,197	5.08	3,994	51.63	2,634	99.24	1,322	-
	7,737	(12.26)	8,818	(12.40)	10,066	(8.22)	10,967	2.36	10,714	1.95	10,509	2.08
Current liabilities												
Trade and other payables	8,705	11.56	7,803	24.54	6,265	154.27	2,464	(8.23)	2,685	(7.60)	2,906	34.35
Interest and mark - up accrued	156	41.82	110	(81.48)	594	379.03	124	18.10	105	11.70	94	235.71
Short term borrowings	5,653	(26.87)	7,730	(57.66)	18,257	210.76	5,875	29.63	4,532	102.59	2,237	90.06
Current portion of long term financing	875	(20.74)	1,104	-	1,104	(0.27)	1,107	-	1,107	(0.09)	1,108	(4.32)
	15,389	(8.11)	16,747	(36.13)	26,220	173.98	9,570	13.54	8,429	32.84	6,345	40.19
	35,336	(2.45)	36,225	(22.55)	46,772	61.03	29,045	4.93	27,680	12.61	24,581	11.90
ASSETS												
Non-Current Assets												
Property, plant & equipment	14,707	(5.59)	15,577	(1.70)	15,847	(3.71)	16,458	10.23	14,930	2.52	14,563	0.17
Log term investments	2,235	5.03	2,128	(11.96)	2,417	71.30	1,411	-	1,411	92.23	734	104.46
Long term deposits & prepayments	76	(1.30)	77	413.33	15	-	15	(11.76)	17	-	17	(89.57)
	17,018	(4.30)	17,782	(2.72)	18,279	2.21	17,884	9.33	16,358	6.82	15,314	1.68
Current Assets												
Stores, spares and loose tools	1,902	2.81	1,850	30.01	1,423	12.31	1,267	58.97	797	38.13	577	10.96
Stock in trade	1,271	3.59	1,227	(78.39)	5,677	865.48	588	(26.59)	801	(21.70)	1,023	305.95
Trade debts	830	74.00	477	67.37	285	16.80	244	5.63	231	100.87	115	(73.32)
Loans and advances	114	2.70	111	70.77	65	(18.75)	80	31.15	61	60.53	38	(81.64)
Deposits and prepayments	14	180.00	5	-	5	(44.44)	9	80.00	5	66.67	3	50.00
Other receivables	217	(53.43)	466	(96.44)	13,096	925.53	1,277	(24.39)	1,689	191.71	579	39.18
Short term investments	1,250	(73.17)	4,659	-	-	(100.00)	3,895	675.90	502	-	-	-
Cash and bank balances	12,720	31.84	9,648	21.48	7,942	108.95	3,801	(47.47)	7,236	4.39	6,932	36.51
	18,318	(0.68)	18,443	(35.27)	28,493	155.29	11,161	(1.42)	11,322	22.18	9,267	34.19
	35,336	(2.45)	36,225	(22.55)	46,772	61.03	29,045	4.93	27,680	12.61	24,581	11.90

Rs. Million

PROFIT & LOSS	2010 Rs	10 Vs. 09 %	2009 Rs	09 Vs. 08 %	2008 Rs	08 Vs. 07 %	2007 Rs	07 Vs. 06 %	2006 Rs	06 Vs. 05 %	2005 Rs	05 Vs. 04 %
Turnover	43,257	17.79	36,725	36.93	26,821	119.07	12,243	(16.75)	14,707	3.17	14,255	24.37
Cost of Sales	29,794	10.10	27,060	45.52	18,595	150.61	7,420	(25.97)	10,023	3.42	9,692	18.18
Gross profit	13,463	39.30	9,665	17.49	8,226	70.56	4,823	2.97	4,684	2.65	4,563	39.93
Selling & distribution expenses	2,585	15.61	2,236	25.83	1,777	66.23	1,069	(24.72)	1,420	12.88	1,258	35.12
Administrative expenses	700	74.56	401	93.72	207	58.02	131	27.18	103	(9.65)	114	25.27
	10,178	44.82	7,028	12.59	6,242	72.29	3,623	14.62	3,161	(0.94)	3,191	42.52
Finance cost	934	(36.03)	1,460	(47.71)	2,792	342.47	631	52.78	413	58.85	260	205.88
Other operating expenses	713	60.95	443	(21.59)	565	64.24	344	41.56	243	42.94	170	49.12
	8,531	66.46	5,125	77.64	2,885	8.95	2,648	5.71	2,505	(9.27)	2,761	35.34
Other operating income	1,154	68.96	683	(55.07)	1,520	21.41	1,252	-	1,252	8.49	1,154	42.82
Profit before taxation	9,685	66.75	5,808	31.85	4,405	12.95	3,900	3.81	3,757	(4.04)	3,915	37.46
Taxation	3,171	56.67	2,024	34.49	1,505	10.66	1,360	3.66	1,312	(10.50)	1,466	44.15
Profit after taxation	6,514	72.15	3,784	30.48	2,900	14.17	2,540	3.89	2,445	(0.16)	2,449	33.75

Rs. Million

VERTICAL ANALYSIS	2010		2009		2008		2007		2006		2005	
BALANCE SHEET	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
EQUITY AND LIABILITIES												
Equity												
Share capital	9,341	26.43	9,341	25.79	9,341	19.97	9,341	32.16	9,341	33.75	9,341	38.00
Capital reserves	919	2.60	932	2.57	800	1.71	2028	0.78	228	0.82	228	0.93
Accumulated gain / (loss)	1,950	5.52	387	1.07	345	0.74	(1,061)	(3.65)	(1,032)	(3.73)	(1,842)	(7.49)
	12,210	34.55	10,660	29.43	10,486	22.42	8,508	29.29	8,537	30.84	7,727	31.43
Non-Current liabilities												
Long term liabilities	3,889	11.01	4,765	13.15	5,869	12.55	6,973	24.01	8,080	29.19	9,187	37.37
Deferred taxation	3,848	10.89	4,053	11.19	4,197	8.97	3,994	13.75	2,634	9.52	1,322	5.38
	7,737	21.90	8,818	24.34	10,066	21.52	10,967	37.76	10,714	38.71	10,509	42.75
Current liabilities												
Trade and other payables	8,705	24.63	7,803	21.54	6,265	13.40	2,464	8.48	2,685	9.70	2,906	11.82
Interest and mark - up accrued	156	0.44	110	0.30	594	1.27	124	0.43	105	0.38	94	0.38
Short term borrowings	5,653	16.00	7,730	21.34	18,257	39.03	5,875	20.23	4,532	16.37	2,237	9.10
Current portion of long term financing	875	2.48	1,104	3.05	1,104	2.36	1,107	3.81	1,107	4.00	1,108	4.51
	15,389	43.55	16,747	46.23	26,220	56.06	9,570	32.95	8,429	30.45	6,345	25.81
	35,336	100	36,225	100	46,772	100	29,045	100	27,680	100	24,581	100
ASSETS												
Non-Current Assets												
Property, plant & equipment	14,707	41.62	15,577	43.00	15,847	33.88	16,458	56.66	14,930	53.94	14,563	59.24
Log term investments	2,235	6.32	2,128	5.87	2,417	5.17	1,411	4.86	1,411	5.10	734	2.99
Long term deposits & prepayments	76	0.22	77	0.21	15	0.032	15	0.052	17	0.061	17	0.069
	17,018	48.16	17,782	49.09	18,279	39.08	17,884	61.57	16,358	59.10	15,314	62.30
Current Assets												
Stores, spares and loose tools	1,902	5.38	1,850	5.11	1,423	3.04	1,267	4.36	797	2.88	577	2.35
Stock in trade	1,271	3.60	1,227	3.39	5,677	12.14	588	2.02	801	2.89	1,023	4.16
Trade debts	830	2.35	477	1.32	285	0.61	244	0.84	231	0.83	115	0.47
Loans and advances	114	0.32	111	0.31	65	0.14	80	0.28	61	0.22	38	0.15
Deposits and prepayments	14	0.04	5	0.01	5	0.01	9	0.03	5	0.02	3	0.01
Other receivables	217	0.61	466	1.29	13,096	28.00	1,277	4.40	1,689	6.10	579	2.36
Short term investments	1,250	3.54	4,659	12.86	-	-	3,895	13.41	502	1.81	-	-
Cash and bank balances	12,720	36.00	9,648	26.63	7,942	16.98	3,801	13.09	7,236	26.14	6,932	28.20
	18,318	51.84	18,443	50.91	28,493	60.92	11,161	38.43	11,322	40.90	9,267	37.70
	35,336	100	36,225	100	46,772	100	29,045	100	27,680	100	24,581	100

Rs. Million

PROFIT & LOSS	2010		2009		2008		2007		2006		2005	
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
Turnover	43,257	100.00	36,725	100.00	26,821	100.00	12,243	100.00	14,707	100.00	14,255	100.00
Cost of Sales	29,794	68.88	27,060	73.68	18,595	69.33	7,420	60.61	10,023	68.15	9,692	67.99
Gross profit	13,463	31.12	9,665	26.32	8,226	30.67	4,823	39.39	4,684	31.85	4,563	32.01
Selling & distribution expenses	2,585	5.98	2,236	6.09	1,777	6.63	1,069	8.73	1,420	9.66	1,258	8.82
Administrative expenses	700	1.62	401	1.09	207	0.77	131	1.07	103	0.70	114	0.80
	10,178	23.53	7,028	19.14	6,242	23.27	3,623	29.59	3,161	21.49	3,191	22.39
Finance cost	934	2.16	1,460	3.98	2,792	10.41	631	5.15	413	2.81	260	1.82
Other operating expenses	713	1.65	443	1.21	565	2.11	344	2.81	243	1.65	170	1.19
	8,531	19.72	5,125	13.96	2,885	10.76	2,648	21.63	2,505	17.03	2,761	19.37
Other operating income	1,154	2.67	683	1.86	1,520	5.67	1,252	10.23	1,252	8.51	1,154	8.10
Profit before taxation	9,685	22.39	5,808	15.81	4,405	16.42	3,900	31.85	3,757	25.55	3,915	27.46
Taxation	3,171	7.33	2,024	5.51	1,505	5.61	1,360	11.11	1,312	8.92	1,466	10.28
Profit after taxation	6,514	15.06	3,784	10.30	2,900	10.81	2,540	20.75	2,445	16.62	2,449	17.18

A word from the **Chief Executive**

It gives me great pleasure to announce that, despite volatile local and international markets and risky economic conditions, the year 2010 has been a triumph overall and the Company has once again been able to produce excellent results, exceeding all previous records. Our ability to achieve maximum value for our shareholders is driven by our focused strategy and rigorous attention to operational efficiency. Having achieved this, we are determined to remain there.

Another innovative development planned for the year 2010 was implementation of SAP, which made this year of vital significance as it enabled quick business processes, agility, transparency, business intelligence and vibrant culture in the organization. By adopting and attaining this technology, the Company has tremendously improved its integrated business processes.

We strive to have a reputation for high integrity and ethical behavior. We have developed sophisticated operational, financial, and management systems that allow us to concentrate on areas of significant potential and quickly adapt to changing conditions and opportunities.

The Company's community development and welfare activities are aimed at enhancing the quality of life of people by consistent efforts to alleviate adverse social and economic effects. Hence FFBL responded to the recent flood disaster promptly and donated Rs 39 million to the Prime Minister's flood relief fund 2010.

I will certainly appreciate the human workforce for their commitment and loyalty, as only a workforce with exceptional capabilities can achieve such distinctions. With an excellent track record to back us up, I can confidently and proudly claim that FFBL will continue to set new standards in local and international markets in coming years.

At the end I wish to thank the key stakeholders, the Board for its committed decisions and Company's respected shareholders for their deep concern and employees for their excellent performance and hard work.

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


Fauji Fertilizer

Notice of Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting of the shareholders of Fauji Fertilizer Bin Qasim Limited will be held on 21 Mar 2011 at Pearl Continental Hotel, Rawalpindi, at 1100 hrs to transact the following business:

Ordinary Business

1. To confirm the minutes of Extraordinary General Meeting held on 26 Aug 2010.
2. To receive, consider and adopt the Audited Accounts of the Company together with the Directors' and the Auditors' reports for the year ended 31 Dec 2010.
3. To appoint Auditor(s) of the Company for the year 2011 and fix their remuneration.
4. To approve payment of final dividend for the year ended 31 Dec 2010 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
Brig Javed Nasir Khan (Retd)
Company Secretary

Rawalpindi
22 Feb 2011

Notes:-

1. Share transfer books of the Company will remain closed from 15 to 21 Mar 2011 (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, duly stamped and signed not later than 48 hours before the time of holding meeting. A member may not appoint more than one proxy. A copy of shareholder's attested CNIC must be attached with the proxy form.
3. The CDC/sub account holders are required to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan:-

(a) For attending the meeting

i. In case of individuals, the account holder or sub-account holder shall authenticate his/her identity by showing his / her original national identity card or original passport at the time of attending the meeting.

ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.

(b) For appointing proxies

i. In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.

ii. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

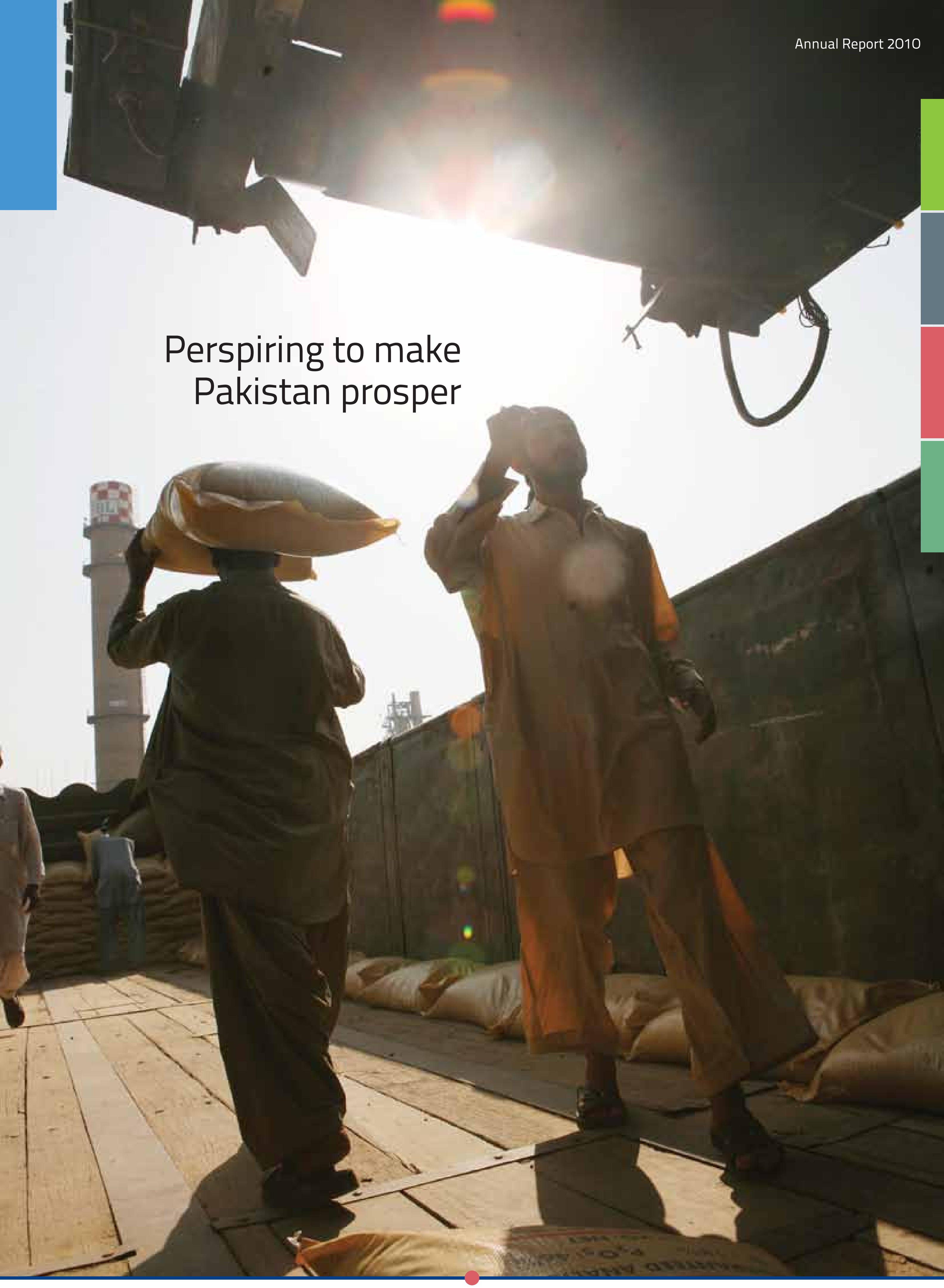
iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted to the Company along with proxy form.

4. Members are requested to promptly notify any change in their addresses.
5. For any other information, please contact at: Ph # 051 9272196 - 7 Fax # 051 9272198 - 9

Perspiring to make Pakistan prosper



Directors' **Report**

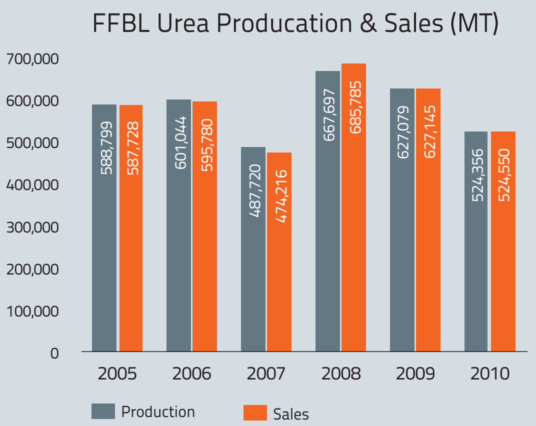
The Directors are pleased to present 17th Annual Report along with audited Financial Statements of the Company and the Auditors' report thereon for the year ended 31 Dec 2010, with an achievement of Company's to-date best performance.

Pakistan Economy and its Outlook

Pakistan has been stuck in an inflationary environment for past many years due to high fiscal deficit with the growth in expenditures outpacing revenues. Apart from the fiscal deficit which the Governor State Bank recently hinted reaching to 6 per cent of the GDP by the close of financial year 2010-11, the main four economic indicators including inflation rate, foreign direct investment, trade deficit and large scale manufacturing's growth have also remained in negative zone compared to corresponding period. This distortion is largely emanating from insufficient revenue generation due to lack of appropriate governance measures which tend to encourage tax evasion and a substantially large and thriving undocumented or parallel economy functioning, alongside the formal economy. Further, growing expenditure such as for defense and subsidies, and interest payments on accumulated debt, has added to the fiscal deficit.

In order to get Pakistan out of the present situation of economic doldrums, the serving leadership of our country needs to trim down the fiscal deficit by taking tough decisions related to increasing tax revenue and savings, cutting subsidies paid to public sector enterprises, eradicating corruption, adopting measures for implementing an equitable tax system and last but not least, taking strong austerity measures.

Conducive work environment through transparent & integrated business processes



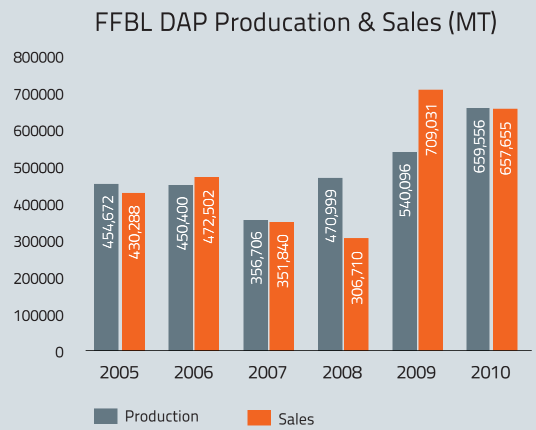
Operational Highlights

DAP plant by the grace of Almighty Allah achieved yet another record year of best ever production of 660 thousand tones. This is 22% better than last year. Though the overall performance of all plants remained satisfactory, yet Ammonia and Urea production during the year were lower than last year by 6% and 16% respectively. This was mainly due to running of both plants at low loads owing to natural gas curtailment going on unabated since April 2010.

Marketing Highlights

International Agriculture and Fertilizer Situation

Global fertilizer market became stable in 2010 as the fertilizer demand started to recover in the middle of the year. The world economy is recovering, bailed out by massive fiscal incentive packages in many countries and some relative improvements in consumers spending. In addition, crop and fertilizer prices have stabilized to pre-crisis level, creating more stable market conditions in the agriculture sector. The production of the Nitrogenous fertilizers increased moderately whereas, output of phosphatic and potassic fertilizers increased by 10% and 57% respectively. Non availability of energy, world wide is becoming a serious issue for fertilizer manufacturers. Over the past three years, several ammonia producers have faced seasonal shortages in the supply of natural gas. Many of these manufacturers have shut down their operations temporarily and would resume production after the supply of gas is adequate. These countries include Ukraine, Bangladesh, Turkey, Estonia, Lithuania, Romania and to certain extent, Pakistan, Indonesia and West Europe. Several exporting countries implemented new export taxes on fertilizers and raw materials, with the objective of securing ample domestic supply in their respective home markets. In 2010 China continued with differentiated tariffs strategy on the export of fertilizers and raw materials on the basis of peak demand and off-season periods. To safeguard the interests of growing Chinese agriculture sector and at the same time to ensure continuous supply to the domestic market which is growing moderately, China has announced export taxes for 2011. These will affect the world fertilizer prices and supply demand situation.



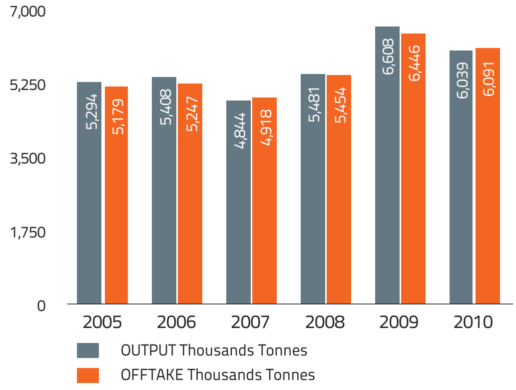
Domestic Fertilizer Market Situation

UREA

Industry Urea sales are estimated to register a decline of 6% during 2010 over 2009. The downward trend in the first quarter is attributed to the high Urea inventories carried by the dealers at the start of 2010. Industry Urea sales for the first quarter of 2010 were 8% lower than the sale during the same period of 2009. Industry Urea sales in the second quarter were 13% higher as compared to the second quarter of 2009 and first half year industry Urea sales of 3,030 thousand tonnes were the highest ever during this period. However, heavy monsoon rains followed by unprecedented floods played havoc across the country during July - September 2010 and agriculture sector was badly affected. Flood water damaged the standing crops in some parts of the country, it also damaged the road infrastructure specially in Khyber Pakhtunkhwa and Sindh. Due to heavy rains and floods, industry Urea sales declined by 31% during the period of July-September 2010 as compared to the same period of 2009. Also, huge Urea imports of over 800 Thousand tonnes during Kharif this year created a long supply situation in the country resulting in low off season sales. This led to a Urea inventory buildup with the companies and industry Urea inventory touched 801 thousand tonnes mark at the end of October 2010. Long supply situation in the third quarter compelled the competitors to indulge in price wars and special discount schemes. Despite the intense competition, FFC managed to sell Urea at a reasonable premium as compared to some of the fertilizer manufacturing companies. Urea sales picked up in November due to early sowing of wheat in flood affected areas, low sales in the third quarter and rumors of RGST imposition by the GOP. Sale of the last quarter is estimated to register a growth of 4% over the corresponding quarter of 2009. A continuous gas curtailment, delay in production from new Engro Urea plant and delay in Urea imports by the GOP in the last quarter created a short supply situation. The trial production of new Engro plant was started at end December 2010, however the commercial Production is expected to start in mid February 2011. GOP was facing difficulty in arranging funds for Urea imports and tried to involve Urea manufacturers for imports, but they refused to participate due to very limited time and other issues related to this activity.

The Urea inventory of 238 thousand tonnes at the beginning of the year was 70% higher than 140 thousand tonnes opening inventory of 2009. Estimated industry Urea production of 5,153 thousand tonnes in 2010 is 2% higher than 5,046 thousand tonnes production of 2009.

Industry Urea Output & Offtake



Urea production would have been higher if there was no gas curtailment. Urea imports were 886 thousand tonnes during 2010 as compared to 1,560 thousand tonnes imports of 2009. During 2010, industry Urea sales are estimated at 6,091 thousand tonnes, 6% lower than 6,488 thousand tonnes sales of 2009. Urea inventory at the year end is estimated at 205 thousand tonnes, as compared to the inventory of 238 thousand tonnes at end December, 2009.

Gas Curtailment Issue

The gas curtailment to fertilizer industry commenced as a result of GOP decisions at the energy summit held in April 2010. It was initially indicated that gas curtailment to fertilizer sector shall last till July 31, 2010 which was subsequently extended till October 31, 2010. However, this curtailment is continuing to be in place at present, and now by integrating it with enhanced winter gas load management plan of complete gas shutdown for sui network plants for 45 days.

It had been communicated to government by fertilizer industry on many occasions that gas curtailment is leading to serious shortage of fertilizer in the country as well as increase in the price of Urea, with some adverse affects on Pakistan's predominantly agri-economy. Fertilizer is the only industry in Pakistan using natural gas as a raw material with very high 'value addition' as compared to other industrial sectors. Government, on the other hand, has an economical option of importing 'high speed furnace oil' for production of power thereby diverting gas from power plants back to fertilizer industry. This on a net basis gives substantial savings in import bill as well as avoiding huge subsidy on imported fertilizers. Further, this is the only available option of producing Urea indigenously and to avoid crisis like situation of shortages of Urea.

DAP

Domestic DAP market has witnessed a significant decline of 26% in the sales during 2010 as compared to 2009. Low sales are mainly because of high inventories of DAP with the dealers at the start of 2010 and low demand at farmers' end due to higher domestic prices as well as impact of floods. Gradual rise in the international DAP prices and its corresponding impact on the domestic prices also contributed towards lower sales in 2010. Industry carried heavy DAP inventories during the third quarter of 2010. Importers were uncertain about the local DAP market and in this situation they remained almost sidelined. International DAP prices ex-US Gulf were in the range of US$ 390-450 per ton fob during Jan-Jun, 2010 which had increased to US$ 455-600 per ton fob during Jul-Dec, 2010 whereas, during 2009 international DAP prices were much lower and were in the range of US$ 270-382 per ton fob ex- US Gulf. The rise in international prices of DAP were reflected in increase in domestic prices and the importers continued to set prices in the local market.

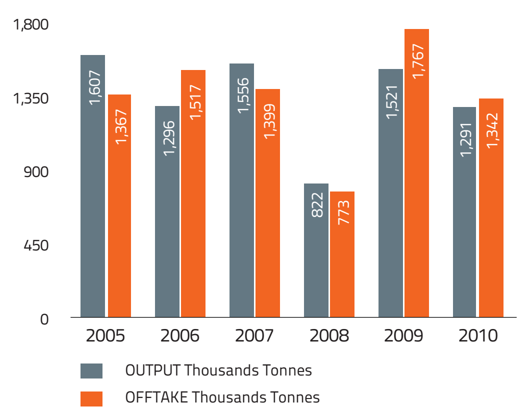
The DAP inventory at the start of the year was 74 thousand tonnes as compared to 339 thousand tonnes inventory at the beginning of 2009. DAP production during the period was 659 thousand tonnes, which is 22% higher than 540 thousand tonnes production of the last year. DAP imports during 2010 were 632 thousand tonnes against 981 thousand tonnes imports of 2009. DAP inventory at the end of 2010 is estimated to be 23 thousand tonnes, 69% lower as compared to 74 thousand tonnes closing inventory of 2009.

Sales Performance

FFBL Sona Urea (G) sales during Jan-Dec, 2010 were 524 thousand tonnes showing an achievement of 86% against the targets. These sales were 16% lower as compared to the sales of 627 thousand tonnes during the same period of 2009. Sona Urea (G) sales were limited to product availability. Sona DAP sales during Jan-Dec, 2010 were 657 thousand tonnes showing an achievement of 109% against the targets. These sales were 7% lower as compared to 709 thousand tonnes sales of the same period of 2009.

During Jan-Dec, 2010 FFBL share in Urea and DAP market is estimated at 8.6% and 49.5% respectively.

Industry DAP Output & Offtake



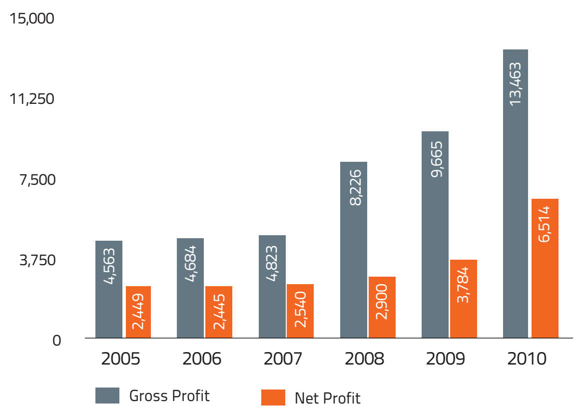
Directors' **Report**

Financial Highlights

The summary of key financial results showing the Company's to-date best performance:-

	2010	2009
	Rs (millions)	
Turnover	43,257	36,725
Gross profit	13,463	9,665
Profit before tax	9,686	5,808
Net profit after tax	6,514	3,784
Earnings per share (Rs)	6.97	4.05

Gross and Net Profit Margins
Percentage



Fiscal Review

2010 is the year where Company profitability has witnessed record level with aggregate sales revenue of Rs 43.2 billion, an impressive growth of 18% over last year. The enhancement in revenue is attributable primarily to improved DAP margins. DAP and Urea sales accounted for 20% and 80% of total revenue respectively as compared to 76% and 24% in 2008. The Gross profit at Rs 13.5 billion has earned a margin of 31%. This is better than last year's margin of 26.3% mainly on account of better DAP margins during the year.

Company's total finance cost was recorded at Rs 934 million, showing an improvement of 36% comparing last year owing to improved liquidity position resulting in reduced utilization of borrowed funds. Other income of Rs 1,152 million was mainly on account of income on bank deposits and mutual fund amounting Rs 994 million and share of profit of PMP amounting Rs 118 million for the 12 months period Oct 2009 - Sep 2010.

Profit before tax was recorded at Rs 9,686 million, higher by 67% as compared to last year. After tax net profit, arrived at Rs 6,514 million at 31 Dec 2010, higher by 72% comparing last year profit. The Company's Earnings per share (EPS), therefore, reached Rs 6.97, from an EPS of Rs 4.05 of last year.

Cash flow Management

The Company has placed an effective Cash Flow Management System whereby cash inflows and outflows are projected on regular basis, repayments of all long term and short term loans dues have been duly accounted for. Working capital requirements have been planned to be financed through internal cash generations and short term borrowings from external sources where necessary.

Capital Management

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. In order to achieve our goals for the betterment of this Company and to the overall economy of Pakistan, we shall continue to explore and tap opportunities, face challenges wherever required. Government policies, global & domestic economic forces and the money market would play a vital role in our decisions and ability to meet business objectives.

Risk Mitigation

Variety of risks including liquidity, credit, market and other risks are being effectively managed by the Company.

Liquidity Risk

Liquidity risk is the risk of being unable to accommodate liability maturities, fund asset growth and meet contractual obligations through access to funding at reasonable market rates. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines.

Credit risk

Credit risk is the risk of financial loss arising from a customer or counterparty failure to meet its contractual obligations. All financial assets of the Company, except cash in hand, are subject to credit risk. The Company believes that it is not exposed to major concentration of credit risk. Exposure is managed through application of credit limits to its customers secured by bank guarantees and diversification of investment portfolio placed with banks and financial institutions having high credit rating.

Market Risk

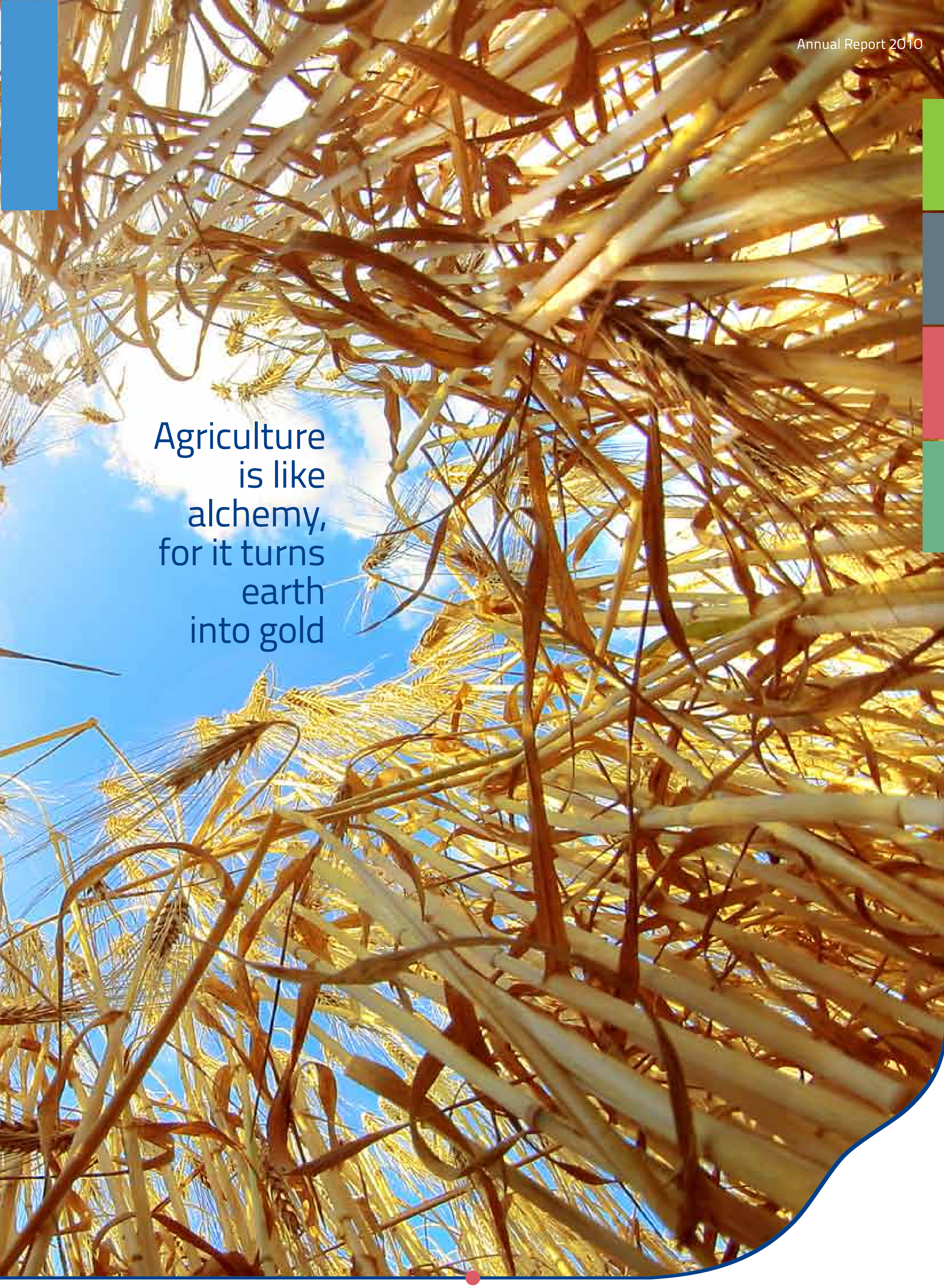
Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to market risk in the normal course of its business operations.

Best Corporate Practices

The Board is fully aware of the importance in adhering to the international and local principles of best corporate governance. All periodic financial statements of the Company and consolidated financial statements of the Company were circulated to the Directors duly endorsed by the Chief Executive Officer and the Chief Financial Officer for approval before publication. Quarterly un-audited financial statements along with Directors' Reviews were published and circulated to the shareholders and regulators within one month. Half yearly financial statements reviewed by the Auditors were circulated within two months of the end of the period.

Annual financial statements including consolidated financial statements, Directors' Report in addition to Auditors' Reports and other statutory statements and information are being circulated for consideration and approval by the shareholders, within two months from the close of the financial year.

These statements have also been made available on the Company website and all important information including distributions to shareholders, considered sensitive for share price fluctuation, were transmitted to stakeholders and regulators immediately. Regular Analysts' Briefings were also held during the year after end of every quarter to up-date the existing as well as potential investors about Company's state of affairs and its prospects.



Agriculture is like alchemy, for it turns earth into gold

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

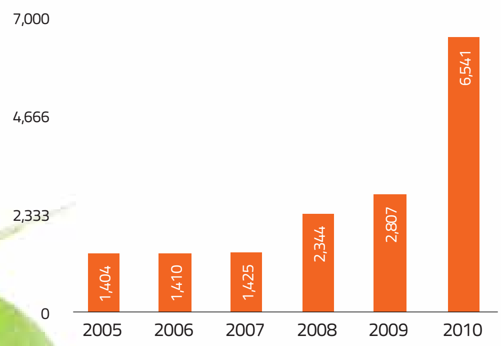
Key operating and financial data of the last six years is attached to the annual report.

Contribution to National Exchequer and Value Addition

During the year, the Company has contributed an amount of Rs 6,541 million, as against Rs 2,807 million in 2009, towards the National Exchequer on account of Government levies, taxes and import duties etc.

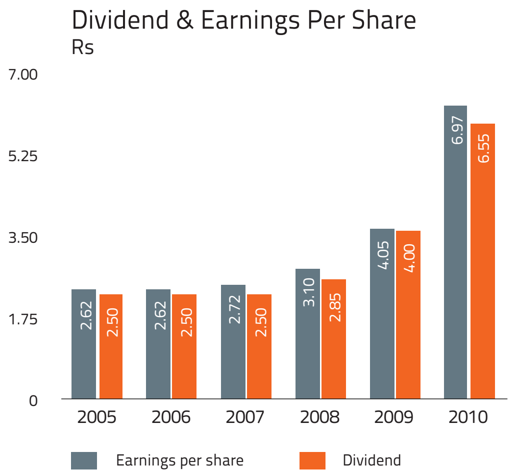
Value addition in terms of net foreign exchange savings worked out to US $ 260 million through import substitution by manufacturing 524 thousand tonnes of Urea and 660 thousand tonnes of DAP during 2010. Contribution to the economy included Rs 5,155 million in the form of Shareholders' returns through cash dividends, Rs 883 million on account of payments to providers of capital in the form of mark-up and interest, while employees' remuneration & benefits stood at Rs 1,677 million.

Contribution to National Exchequer
Rs (Million)



Financial Reporting

The Chief Executive & Managing Director and CFO declared 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

Based on the performance of the company, the Board is pleased to propose a final dividend of Rs 3.50 per share in respect of the financial year ended Dec 31, 2010. This final dividend will be subject to the approval of shareholders in their meeting scheduled on 21 Mar 2011. Moreover, three interim dividends were also paid during the year, aggregating Rs 3.05.

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

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

An internal control system is a collection of controls designed to provide reasonable assurance that the company fulfills the compliance with policies, plans and laws, efficient use of resources, accomplishment of goals and availability and integrity of financial and management information. The internal control system of FFBL is very sound and is effectively implemented and monitored regularly.

The Company has increased its emphasis on control procedures of each business unit to confirm that corporate policies are executed and to mandate corrective action when necessary. Instrument of morning meeting, both at head office and at Plantsite is being applied by the top management to ensure that controls remain adequate and functions properly.

Auditors

Present auditors, Messrs KPMG Taseer Hadi & Company, Chartered Accountants, have retired and offered themselves for re-appointment. The Audit Committee recommended their re-appointment for the year 2011 on mutually agreed terms and conditions.

IT Enabled Organizational Transformation

By the grace of Allah, another milestone in the history of Company, i.e. "SAP Go Live" was achieved on 9 Apr 2010 successfully and FFBL became the pioneer in fertilizer industry by implementing eleven SAP modules covering all business processes.

Helping the countrymen in need

Corporate Social Responsibility

The management of FFBL has launched a CSR initiative alongwith Human Development Foundation (HDF) to contribute in facilitating the improvement in living conditions of 5 x union councils of Gagger Town annexed to the Plantsite. This will contribute in provision of better Health & Environment, Improved Literacy and Education, Safe Drinking Water and Improved Sanitation and Technical and Vocational Trainings etc. The total investment in this regards is approximately Rs. 39.1 million over a period of five years. First installment in this regard i.e, Rs 2.5 million has already been issued to HDF. Further, the Company has also contributed donation of about Rs 1.6 million to the deserving, during the year.

Donation for Flood Effectees

The recent floods were the worst in the history of the country. The magnitude of the loss of human lives, property, crops and livestock was many times more than the losses of Tsunami 2004 and of earth quake 2005. About 22% area of the country was badly hit by the floods and more than 20 million people dislodged from their homes. National emergency was declared and to offset the impacts of the flood and the rehabilitation of victims was the call of the day. FFBL responded promptly under the able guidance of management. The salient features of flood relief operation are:-

Flood Relief Fund

Company donated an amount of Rs 39 million to Flood Relief Fund, comprising 1% profit after tax of Annual Accounts 2009 and employees contribution i.e, Rs 1.4 million respectively. The amount was released to Fauji Foundation, for presenting a consolidated cheque on behalf of Fauji Group to Prime Minister's Flood Relief Fund.

Flood Relief Camps

Four camps were established near FFBL Plantsite, Karachi, where 1540 flood victims including children & women were accommodated to provide them shelter, food, clean water and healthcare etc. FFBL and its employees spent about Rs 1 million for their rehabilitation.

Assessment of Effectiveness of Risk Management

The Board's policy on risk management encompasses all significant business risks to the company, including financial, operational and compliance risk, which could undermine the achievement of business objectives. The Board also receives assurance from the Audit Committee, which derives its information, in part, from regular internal and external audit reports on risk and internal control throughout the company. To ensure that internal auditors carry out their responsibilities, the audit committee approves and periodically reviews the internal audit program. The head of internal audit reports directly to the audit committee on the results of its work.

Environment, Health and Safety

FFBL actively strives to mitigate all adverse environmental impact arising out of our operations and strictly adheres to all legal regulations. We care deeply about how our operations and products affect our stakeholders. We bring awareness to all our employees for the improvement of environment, health and safety at work place. Company facilitates its officials to visit abroad for Company attending meeting/conferences on environment, health and safety to enhance their abilities and awareness. There is no doubt to say that FFBL's commitments in these areas are at par with productivity, quality and profitability.

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. Company has also obtained certificate from the National Institutional Facilitation Technologies (Pvt) Ltd (NIFT) for submission of financial results to stock exchanges and e-filing with Registrar of the Companies. 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 i.e, Karachi, Lahore and Islamabad. A total of 841.5 million Company shares were traded only on the Karachi Stock Exchange during the year and the free float stood at 31.33%. The market capitalization of the Company stock was recorded at Rs 33.4 billion at the close of 2010. FFBL shares were subject to a wide range of trading from a high of Rs 38.05 per share to a low of Rs 25.00 per share, closing the year at Rs 35.73 per share.

There were 14,789 shareholders of the Company's equity at the close of 2010. About 75.49% of total shares outstanding were closely held by the sponsors, investment companies, financial institutions and other corporate bodies. About 3.25% shares were kept by the foreign shareholders.

Human Capital Development

At FFBL, we understand the strategic significance of the human capital in the dynamic business world of today. In year 2010, HCM focused on interventions that bring commitment from the employees towards organizational goals and at the same time build organizational loyalty. Performance and competence of human resource invariably provides the company a cutting edge over its competitors and leads towards sustainable business growth.

The key milestones in Human Capital domain include the following:-

- Development of human resource policies and procedures manual.
- Development of performance management system.
- Development of competency framework.
- Position rationalization and clarification.
- Career ladder development.
- Manpower plan.
- Development of compensation and benefits structure.
- Succession policy is in vogue, identiyfing and developing individual abilities to undertake leadership positions.

Employees at all levels were considered for training and development throughout the year through a structured TNA (Training Need Analysis) exercise. A number of foreign and local training courses and seminar were attended to get a grip of international and local industry best practices.

Employees Retirement Benefits

Value of investments of Provident and Gratuity Funds as on 31 Dec 2010 (un-audited) is as under:-

	2010	2009
	Rs (millions)	
Provident Fund	492	372
Gratuity Fund	169	122

Relations with Personnel & 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 has been renewed for another two years to the satisfaction of both parties for harmonious functioning of the plant.

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, CE, CFO, Company Secretary, their spouses and minor children did not trade in Company's shares during the year.

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.
As per orders of the Competition Commission of Pakistan (CCP) the Company is required, inter alia, to increase the number of its directors to ensure the appointment of three independent directors. The Board of Directors, through a resolution no C-03/2010 dated 28 Jun 2010, have increased the number of elected Directors from 9 to 12 in order to facilitate the election during Extra Ordinary General Meeting held on 26 Aug 2010, resultantly three independent directors were elected as under, ensuring compliance with the orders of the CCP.

- Mr Naved A. Khan
- Mr Nasier A. Sheikh
- Dr Rashid Bajwa

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

	Attendance	
Lt Gen Hamid Rab Nawaz (Retd)	5	
Lt Gen Anis Ahmed Abbasi (Retd)	5	
Lt Gen Malik Arif Hayat (Retd)	5	
Mr Qaiser Javed	5	
Brig Arif Rasul Qureshi (Retd)	2	Resigned with effect from 30 Jun 2010
Brig Rahat Khan (Retd)	4	
Dr Nadeem Inayat	4	
Brig Liaqat Ali (Retd)	5	
Brig Jawaid Rashid Dar (Retd)	5	
Brig Parvez Sarwar Khan (Retd)	3	Appointed with effect from 6 Jul 2010
Mr Naved A. Khan	2	Appointed with effect from 26 Aug 2010
Mr Nasier A. Sheikh	2	Appointed with effect from 26 Aug 2010
Dr Rashid Bajwa	1	Appointed with effect from 26 Aug 2010

Vacation of Directors

Lt Gen Muhammad Zaki HI, HI(M), (Retd) has been appointed as Director (CE & MD) of the Company on resignation of Lt Gen Anis Ahmed Abbasi HI (M), (Retd). The Board places on record its appreciation for the valuable services rendered by the outgoing Director (CE & MD). Under his able guidance, the Company undertook various important initiatives in the area of information technology in modernizing the entire information technology landscape. During his time, the Human Capital Management was also completely revamped on modern lines. Further, the Company achieved significant growth in the earnings during his tenure. Under his guidance, the Company also underwent a transformation of its corporate logo and identity. The Board wishes him the best in his future endeavors.

The Board also places on record its appreciation for the services rendered by Brig Arif Rasul Qureshi (Retd) who retired from directorship during the year.

The Board unanimously welcomes Lt Gen Muhammad Zaki HI, HI(M), (Retd) as new Director and hope that the Company will prosper further under his able guidance. Board also extends welcome to Brig Parvez Sarwar Khan (Retd), Mr Naved A. Khan, Mr Nasier A. Sheikh & Dr Rashid Bajwa as fellow Board members and looks forward to working in harmony towards future growth and prosperity of the Company.

Board Committees

Audit Committee

This Committee comprises five members including its Chairman. Four members are non-executive directors, while one is independent director. The Committee meets at least once every quarter of the financial year. It reviews Company's interim and annual financial results, business plans and internal audit 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:-

Attendance	
• Mr Qaiser Javed	5
• Brig Rahat Khan (Retd)	5
• Brig Arif Rasul Qureshi (Retd)	2
• Dr Nadeem Inayat	4
• Brig Parvez Sarwar Khan (Retd)	3
• Mr Nasier A. Sheikh	2

Human Resource Committee

This Committee comprises five members including its Chairman. Four members are non-executive directors, while one is independent director. It reviews all HR related matters of the Company.

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

Attendance	
• Dr Nadeem Inayat	3
• Brig Liaqat Ali (Retd)	3
• Brig Jawaid Rashid Dar (Retd)	3
• Brig Parvez Sarwar Khan	2
• Mr Naved A. Khan	1

Technical Committee

This Committee comprises five members including its Chairman. Four members are non-executive directors, while one is independent director. It reviews all technical matters pertaining to the plant operations and capital expenditure of the Company.

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

Attendance	
• Brig Arif Rasul Qureshi (Retd)	1
• Brig Rahat Khan (Retd)	4
• Dr Nadeem Inayat	2
• Brig Liaqat Ali (Retd)	2
• Brig Parvez Sarwar Khan (Retd)	2
• Dr Rashid Bajwa	-

Pakistan Maroc Phosphore, SA (PMP)

With an achievement of about 97% of production targets, the overall plant performance remained satisfactory for production of phos acid during the year.

Performance on fiscal front has also improved as PMP generated profits during 2010 comparing last year's losses. However, towards the last quarter of 2010 input prices such as phos rock and sulphur have again started to increase with less improvement in phos acid prices; thereby adversely impacting margins. It is, therefore, expected that 2011 would again be a challenging year for PMP.

Business Challenges and Future Outlook

Though the Company managed to close year 2010 on high note with record profitability, yet it is a fact that year 2011 brings even tougher challenges of high cost of business with increased inflation and discount rates and huge production losses owing to ongoing and increased gas curtailment. FFBL, however is committed to deliver good results in-spite of all such challenges and meeting its strategic objectives and long-term business goals without compromising on its corporate principles, work ethics and values.

FFBL is investing an amount upto Rs 5 billion in four power projects for which approvals by the Company's shareholders were obtained during Annual General Meeting held on 17 Mar 2010.

Acknowledgements

I want to acknowledge all employees of FFBL for their outstanding performance in year 2010. I also want to thank my fellow Directors, each of whom has made an excellent contribution and brought real, valuable and complementary skills to the Company.

I would also like to acknowledge the extraordinary contribution of our customers, suppliers, bankers, SSGCL and GOP in achieving company's success and looking forward for their continued assistance in the future as well.

Last-and most importantly-on behalf of the Board, I would like to express our sincere thanks to our shareholders for having confidence and trust in the Company.

For and on behalf of the Board

Lt Gen Hamid Rab Nawaz
HI(M), (Retired)
Chairman


Our committed work force,
our biggest asset

Financial **Statements**

For the Year Ended Dec 31, 2010

Statement of Compliance with 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 three independent directors, eight non executive directors 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 Development Financial Institution (DFI) or a Non-Banking Financial Institution (NBFI) or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancy occurred in the Board on 30 Jun 2010, which was filled up by the directors within 30 days thereof.

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. Orientation courses organized by local and international institutions are attended by various directors during the year 2010 and such like courses are also planned for the year 2011. All Directors are well aware of their duties & responsibilities.

10. Officers having positions of CFO and Head of Internal Audit were appointed prior to the implementation of the Code of Corporate Governance. The Board approved the appointment of Company Secretary, including remuneration and terms and conditions of employment, as determined by the CEO.

11. 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.

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

13. 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.

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

15. The Company has complied with approval of transactions with related parties as per Karachi Stock Exchange notice No KSE/N-269 dated 19 Jan 2009.

16. The Board has formed an Audit Committee. It comprises five members, of whom four are non executive directors including the Chairman of the committee and one independent director.

17. 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.

18. 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.

19. 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.

20. 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.

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

Rawalpindi
25 Jan 2011

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

Review Report to the Members on Directors' Statement of Compliance With Best Practices of Code of Corporate Governance

We have reviewed the Directors' Statement of Compliance with the best practices ("the Statement") 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 Regulation No. 35 of Karachi Stock Exchange (Guarantee) Limited, Listing Regulation No. 35 of Lahore Stock Exchange (Guarantee) Limited and Chapter XI of the Listing Regulation of Islamabad Stock Exchange (Guarantee) Limited, 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 are not required to consider whether the Board's statement covers all risks or controls, or to form an opinion on the effectiveness of such internal control, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transaction which are not executed at arm's length price recording proper justification for using such alternative pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement 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 31 December 2010.

ISLAMABAD
25 Jan 2011

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 , 2010 and the related profit and loss accounts, statement of comprehensive income, 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;
   (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 the to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, 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 , 2010 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.

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS
Engagement partner
Muhammad Rehan Chughtai

ISLAMABAD
25 Jan 2011

Balance Sheet
As at December 31, 2010

	Note	2010	2009
		(Rupees '000)	
SHARE CAPITAL AND RESERVES			
Share capital	4	9,341,100	9,341,100
Capital reserve	5	228,350	228,350
Statutory reserve		6,380	6,380
Translation reserve		684,471	698,005
Accumulated profit		1,949,731	386,066
		12,210,032	10,659,901
NON-CURRENT LIABILITIES			
Long term financing	6	-	208,472
Long term murabaha	7	-	19,338
Long term loan	8	3,889,203	4,537,404
Deferred liabilities	9	3,847,730	4,052,814
		7,736,933	8,818,028
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	10	8,469,073	6,715,839
Mark - up accrued	11	156,095	110,324
Short term borrowings	12	5,652,724	7,730,450
Current portion of:			
- Long term financing	6	208,472	416,944
- Long term murabaha	7	19,338	38,679
- Long term loan	8	648,201	648,201
Provision for income tax - net		235,124	1,086,816
		15,389,027	16,747,253
		35,335,992	36,225,182

CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 38 form an integral part of these financial statements.

	Note	2010	2009
		(Rupees '000)	
NON-CURRENT ASSETS			
Property, plant and equipment	15	**14,706,760**	15,576,899
Long term investments	16	**2,235,255**	2,127,972
Long term deposits		**76,312**	76,546
		17,018,327	17,781,417
CURRENT ASSETS			
Stores and spares	17	**1,902,238**	1,849,794
Stock in trade	18	**1,270,667**	1,227,013
Trade debts	19	**829,985**	476,728
Advances	20	**114,362**	111,353
Trade deposits and short term prepayments	21	**13,982**	4,807
Interest accrued		**50,914**	116,819
Other receivables	22	**99,009**	230,797
Sales tax refundable		**66,457**	119,487
Short term investments	23	**1,250,000**	4,658,936
Cash and bank balances	24	**12,720,051**	9,648,031
		18,317,665	18,443,765
		35,335,992	36,225,182

CHAIRMAN | CHIEF EXECUTIVE | DIRECTOR

Profit and Loss Account
For the year ended December 31, 2010

	Note	2010	2009
		(Rupees '000)	
Turnover	25	**43,256,712**	36,724,920
Cost of sales	26	**(29,793,541)**	(27,059,566)
GROSS PROFIT		**13,463,171**	9,665,354
Selling and distribution expenses	27	**(2,584,683)**	(2,236,123)
Administrative expenses	28	**(700,172)**	(401,204)
		10,178,316	7,028,027
Finance cost	29	**(933,996)**	(1,459,792)
Other operating expenses	30	**(712,524)**	(442,692)
		8,531,796	5,125,543
Other operating income			
Share of profit / (loss) of joint venture and profit of associate	16	**120,818**	(314,908)
Others	31	**1,033,164**	997,668
		1,153,982	682,760
PROFIT BEFORE TAXATION		**9,685,778**	5,808,303
Taxation	32	**(3,171,329)**	(2,023,938)
PROFIT AFTER TAXATION		**6,514,449**	3,784,365
Earnings per share - basic and diluted (Rupees)	33	**6.97**	4.05

The annexed notes 1 to 38 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

Statement of Comprehensive Income
For the year ended December 31, 2010

	2010	2009
	(Rupees '000)	
Profit after tax	**6,514,449**	3,784,365
Other comprehensive income		
Exchange difference on translating a joint venture	**(13,534)**	125,606
Total comprehensive income	**6,500,915**	3,909,971

The annexed notes 1 to 38 form an integral part of these financial statements.

CHAIRMAN | CHIEF EXECUTIVE | DIRECTOR

Cash Flow Statement
For the year ended December 31, 2010

	Note	2010	2009
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	**13,163,938**	24,063,353
Finance cost paid		**(845,924)**	(1,806,414)
Taxes paid		**(4,259,738)**	(1,108,707)
Payment to Gratuity Fund		**(28,497)**	(27,702)
Compensated absences paid		**(8,736)**	(9,771)
Payment to Workers' (Profit) Participation Fund		**(503,549)**	(278,890)
Payment to Workers' Welfare Fund		**(129,543)**	(88,098)
Net cash generated from operating activities		**7,387,951**	20,743,771
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(457,420)**	(956,126)
Proceeds from sale of property, plant and equipment		**9,317**	6,736
Long term deposits		**234**	(61,318)
Dividend received from PMP		**-**	95,389
Short term investments		**777,926**	116,756
Profit received on bank balances and term deposits		**540,927**	532,826
Net cash generated from / (used in) investing activities		**870,984**	(265,737)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - repayments		**(416,944)**	(416,944)
Long term murabaha - repayments		**(38,679)**	-
Long term loan - repayments		**(648,201)**	(38,679)
Dividend paid		**(5,155,365)**	(3,389,272)
Net cash used in financing activities		**(6,259,189)**	(3,844,895)
Net increase in cash and cash equivalents		**1,999,746**	16,633,139
Cash and cash equivalents at beginning of the year		**6,317,581**	(10,315,558)
Cash and cash equivalents at end of the year		**8,317,327**	6,317,581
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprises the following balance sheet amounts:			
- Cash and bank balances	24	**12,720,051**	9,648,031
- Short term highly liquid investments	23	**1,250,000**	4,400,000
- Short term borrowings	12	**(5,652,724)**	(7,730,450)
		8,317,327	6,317,581

The annexed notes 1 to 38 form an integral part of these financial statements.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR

Statement of Changes in Equity
For the year ended December 31, 2010

	Share capital	Capital reserves: Capital reserve	Capital reserves: Statutory reserve	Capital reserves: Translation reserve	Accumulated profit / (loss)	Total
	(Rupees '000)					
Balance as at January 01, 2009	9,341,100	228,350	-	572,399	344,522	10,486,371
Total comprehensive income						
Profit for the year after tax	-	-	-	-	3,784,365	3,784,365
Other comprehensive income	-	-	-	125,606	-	125,606
Total other comprehensive income for the year	-	-	-	125,606	-	125,606
Total comprehensive income for the year	-	-	-	125,606	3,784,365	3,909,971
Transferred to statutory reserve by a joint venture	-	-	6,380	-	(6,380)	-
Transactions with owners, recorded directly in equity						
Distributions to owners						
Final dividend 2008 (Rs. 2.25 per ordinary share)	-	-	-	-	(2,101,748)	(2,101,748)
Ist interim dividend 2009 (Rs. 0.5 per ordinary share)	-	-	-	-	(467,055)	(467,055)
2nd interim dividend 2009 (Rs. 1.25 per ordinary share)	-	-	-	-	(1,167,638)	(1,167,638)
Total transactions with owners	-	-	-	-	(3,736,441)	(3,736,441)
Balance as at December 31, 2009	9,341,100	228,350	6,380	698,005	386,066	10,659,901
Balance as at January 01, 2010	9,341,100	228,350	6,380	698,005	386,066	10,659,901
Total comprehensive income						
Profit for the year after tax	-	-	-	-	6,514,449	6,514,449
Other comprehensive income	-	-	-	(13,534)	-	(13,534)
Total other comprehensive income for the year	-	-	-	(13,534)	-	(13,534)
Total comprehensive income for the year	-	-	-	(13,534)	6,514,449	6,500,915
Transactions with owners, recorded directly in equity						
Distributions to owners						
Final dividend 2009 (Rs. 2.25 per ordinary share)	-	-	-	-	(2,101,748)	(2,101,748)
Ist interim dividend 2010 (Rs. 0.5 per ordinary share)	-	-	-	-	(467,055)	(467,055)
2nd interim dividend 2010 (Rs. 1.30 per ordinary share)	-	-	-	-	(1,214,343)	(1,214,343)
3rd interim dividend 2010 (Rs. 1.25 per ordinary share)	-	-	-	-	(1,167,638)	(1,167,638)
Total transactions with owners	-	-	-	-	(4,950,784)	(4,950,784)
Balance as at December 31, 2010	**9,341,100**	**228,350**	**6,380**	**684,471**	**1,949,731**	**12,210,032**

The annexed notes 1 to 38 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

Notes to the Financial Statements
For the year ended December 31, 2010

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 Standards 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 and staff retirement gratuity which is carried at present value of defined benefit obligation net of fair value of plan assets and unrecognised actuarial losses.

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 judgments

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, 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 judgments 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 stock, stores and spares on a regular basis and as appropriate inventory is written down to its net realizable value or provision is made for obsolescence if there is any change in usage pattern and physical form of related inventory. Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. 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 accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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

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 or in other comprehensive income.

Current

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. Freehold land is not depreciated.

3.4 Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs. All other borrowing costs are charged to profit or loss.

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.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.5.2 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.

3.5.3 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.

3.5.4 Investment available for sale

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. The Company's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognised in other comprehensive income and presented within equity as reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. Unquoted equity investments are carried at cost less provision for impairment, if any.

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

3.5.5 Acquisition under common control

Acquisition under common control of the shareholder are initially recognised using a fair value accounting basis applying the requirements of IFRS 3 "Business Combinations". All the acquisitions under common control are accounted for from the year in which the acquisition takes place without restating the Company's (acquirer) comparative financial statements.

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, if any. 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 amortised 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 cost and net realisable 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 the estimated costs of completion and the estimated costs necessary to make the sale.

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 derecognizes 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 transaction. 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.

- equity components are translated at the average exchange rates for the period.

All resulting exchange differences are recognised in other comprehensive income within statement of comprehensive income. The Company has been recognising such differences in translation reserve over the years. When a foreign investment is sold, in part or in full, the relevant amount in the translation reserve is transferred to profit and loss account as part of the profit 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, commission and trade discounts.

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 Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of investments held for trading. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of held for trading investments and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

3.22 New accounting standards and IFRIC interpretations

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning as mentioned there against 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 additional disclosures:

-Amendments to IFRS 7 - Financial Instruments Disclosures	(effective 1 July 2010)
-Amendments to IAS 1 - Presentation of Financial Statements	(effective 1 January 2011)
-Amendments to IAS 24 - Related Party Disclosures	(effective 1 January 2011)
-Amendments to IAS 28 - Investments in Associates	(effective 1 July 2010)
-Amendments to IAS 31 - Interests in Joint ventures	(effective 1 July 2010)
-Amendments to IAS 32 - Financial Instruments Presentation	(effective 1 February 2010)
-Amendments to IFRIC 13 - Customers Loyalty Programmes	(effective 1 January 2011)
-Amendments to IFRIC 14 - The Limit on a Defined Benefit Asset, Minimum Funding equipments and their Interaction	(effective 1 January 2011)
-IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	(effective 1 July 2010)
-IFRS 9 - Financial Instrument	(effective 1 January 2013)

	2010	2009
	(Rupees '000)	

4. SHARE CAPITAL

4.1 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	2010	2009
934,110,003 Ordinary shares of Rs. 10 each issued for cash	**9,341,100**	9,341,100

4.2 The holding company and Fauji Foundation held 475,232,996 and 161,501,286 (2009: 475,232,996 and 161,501,286) ordinary shares respectively of the Company at the year end.

4.3 AUTHORIZED SHARE CAPITAL

	2010	2009
	(Rupees '000)	
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.

6. LONG TERM FINANCING - SECURED

	2010	2009
	(Rupees '000)	
From banking companies and financial institutions		
Habib Bank Limited (HBL)	**64,899**	194,694
Standard Chartered Bank (Pakistan) Limited (SCB)	**37,110**	111,329
MCB Bank Limited (MCB)	**63,974**	191,926
Askari Bank Limited (AKBL)	**14,287**	42,857
Saudi Pak Industrial and Agricultural Investment Company (Pvt) Limited (SAPICO)	**5,346**	16,039
Pak Kuwait Investment Company (Pvt) Limited (PKIC)	**22,856**	68,571
	208,472	625,416
Less: Current portion shown under current liabilities	**208,472**	416,944
	-	208,472

Lenders	Purchase price	Mark-up rate	No. of quarterly installments outstanding	Repayment commenced from
	(Rupees '000)			
HBL	908,570	12.4257%	2	July 2004
SCB	519,539	12.4257%	2	July 2004
MCB	895,653	12.4257%	2	July 2004
AKBL	200,000	12.4257%	2	July 2004
SAPICO	74,847	12.4257%	2	July 2004
PKIC	320,000	12.4257%	2	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.

7. LONG TERM MURABAHA - SECURED

	2010	2009
	(Rupees '000)	
Faysal Bank Limited (FBL) - a related party	**19,338**	58,017
Less: Current portion shown under current liabilities	**19,338**	38,679
	-	19,338

Lender	Facility	Mark-up rate	No. of quarterly installments outstanding	Repayment commenced from
	(Rupees '000)			
FBL	270,748	12.4257%	2	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.

		Note	2010	2009
			(Rupees '000)	
8.	**LONG TERM LOAN - UNSECURED**			
	Government of Pakistan (GOP) loan	8.1	**3,493,342**	3,870,599
	Deferred Government Assistance	8.1	**1,044,062**	1,315,006
			4,537,404	5,185,605
	Less: Current portion shown under current liabilities		**648,201**	648,201
			3,889,203	4,537,404

8.1 This represents balance amount of GOP loan amounting in total 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. 270,944 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 up to December 31, 2010. The Company is making efforts in getting this guarantee released.

	Note	2010	2009
		(Rupees '000)	
9. DEFERRED LIABILITIES			
Compensated leave absences	9.1	175,441	143,808
Deferred tax	9.2	3,672,289	3,909,006
		3,847,730	4,052,814

9.1 Actuarial valuation has not been carried out as the impact is considered to be immaterial.

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

	Note	2010	2009
Accelerated depreciation		3,754,372	3,994,365
Provision against doubtful receivables		(18,734)	(18,734)
Share of profit of associate		3,471	3,198
Provision for inventory obsolescence		(66,820)	(69,823)
	9.2.1	3,672,289	3,909,006

9.2.1 The movement of deferred tax during the current year is as follows:

	2010	2009
Opening balance	3,909,006	4,080,283
Reversal for the year	(236,717)	(171,277)
Closing balance	3,672,289	3,909,006

9.2.2 At December 31, 2010, a deferred tax liability of Rs. 171,295 thousand (2009: Rs. 134,694 thousand) for temporary difference of Rs. 489,410 thousand (2009: Rs. 384,839 thousand) related to investment in the joint venture was not recognized as the Company does not intend to dispose of the investment in the foreseeable future.

	Note	2010	2009
		(Rupees '000)	
10. TRADE AND OTHER PAYABLES			
Creditors		3,995,077	2,949,346
Accrued liabilities		1,332,934	1,381,721
Advances from customers		2,263,512	837,375
Workers' (Profit) Participation Fund - unsecured	10.1	69,866	52,302
Payable to Gratuity Fund - unsecured	13	20,757	14,473
Workers' Welfare Fund		343,114	280,989
Unclaimed dividend		182,054	386,635
Withholding tax payable		2,774	3,275
Other payables		258,985	809,723
		8,469,073	6,715,839
10.1 Workers' (Profit) Participation Fund (WPPF)			
Balance at beginning of the year		52,302	18,437
Interest on funds utilised in the Company's business		1,247	453
Allocation for the year	30	519,866	312,302
		573,415	331,192
Payment to WPPF during the year		(503,549)	(278,890)
		69,866	52,302

	Note	2010	2009
		(Rupees '000)	
11. MARK - UP ACCRUED			
On long term financing			
from banking companies and financial institutions		**6,719**	19,765
On long term murabaha		**623**	1,834
On short term borrowings		**148,753**	88,725
		156,095	110,324
12. SHORT TERM BORROWINGS - SECURED			
From banking companies and financial institutions			
Short term borrowings	12.1	**5,652,724**	7,730,450
		5,652,724	7,730,450

12.1 The Company has arranged short term facilities from various banks on mark-up basis with limits aggregating Rs. 19,450,000 thousand (2009: Rs. 27,350,000 thousand). These facilities carry mark-up ranging from 11.62% to 13.03% per annum (2009: 12.79 % to 15.58% 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.

	2010	2009
	(Rupees '000)	
13. GRATUITY FUND		
a) Reconciliation of amounts recognised in the balance sheet is as follow:		
Present value of defined benefit obligation	**227,243**	155,823
Fair value of plan assets	**(143,278)**	(106,539)
Deficit	**83,965**	49,284
Non vested past service cost	**(1,424)**	-
Net actuarial losses not recognized	**(61,784)**	(34,811)
	20,757	14,473
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	**155,823**	129,187
Current service cost	**23,074**	16,088
Interest cost	**21,815**	19,378
Benefits paid during the year	**(11,025)**	(12,439)
Non vested past service cost to be recognized	**1,424**	-
Actuarial gain	**36,132**	3,609
Present value of defined benefit obligation at end of the year	**227,243**	155,823

	2010	2009
	(Rupees '000)	
c) The movement in fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	**106,539**	66,509
Expected return on plan assets	**14,915**	9,978
Contributions	**27,220**	27,702
Benefits paid on behalf of the fund	**1,277**	-
Benefits paid during the year	**(11,025)**	(12,439)
Actuarial gain	**4,352**	14,789
Fair value of plan assets at end of the year	**143,278**	106,539
d) Plan assets comprise of:		
Investment in listed securities	**56,002**	24,635
Investment in bonds	**26,033**	-
Cash and bank balances	**61,243**	81,904
	143,278	106,539
e) Actual return on plan assets	**19,267**	24,766
Contributions expected to be paid to the plan during the next financial year	**57,953**	31,750

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.

	2010	2009
	(Rupees '000)	
g) Movement in liability recognised in the balance sheet:		
Opening liability	**14,473**	8,417
Expense for the year	**34,781**	33,758
Payment on behalf of the fund	**(1,277)**	-
Payments to the fund during the year	**(27,220)**	(27,702)
Closing liability	**20,757**	14,473
h) Amount recognised in the profit and loss account is as follows:		
Current service cost	**23,074**	16,088
Interest cost	**21,815**	19,378
Expected return on plan assets	**(14,915)**	(9,978)
Actuarial losses recognised	**4,807**	8,270
	34,781	33,758
i) The expense is recognised in the following line items in the profit and loss account:		
Cost of sales	**28,000**	28,539
Administrative expenses	**6,781**	5,219
	34,781	33,758

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:**

	2010	2009	2008	2007	2006
	(Rupees '000)				
Present value of defined benefit obligation	**227,243**	155,823	129,187	95,727	69,346
Fair value of plan assets	**(143,278)**	(106,539)	(66,509)	(68,510)	(50,528)
Deficit	**83,965**	49,284	62,678	27,217	18,818
Experience adjustments					
- on obligations	**36,132**	3,609	18,357	15,417	6,579
- on plan assets	**4,352**	14,789	(11,628)	4,841	(1,061)

k) **Principal actuarial assumptions used in the actuarial valuation carried out as at December 31, 2010 are as follows:**

	2010	2009
Discount rate	**14.00 %**	14.00 %
Expected rate of salary growth	**14.00 %**	14.00 %
Expected rate of return on plan assets	**14.00 %**	14.00 %

14. CONTINGENCIES AND COMMITMENTS

		2010	2009
		(Rupees '000)	
Contingencies			
i)	Indemnity bonds and undertakings given to custom 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.	**25,097**	30,031
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.	**96,390**	36,668
iv)	Company's share of contingent liabilities of Fauji Cement Company Limited as at September 30, 2010.	**37,537**	37,537
Commitments			
i)	Capital expenditure - contracted.	**885,252**	141,727
ii)	Letters of credit for purchase of raw material and stores and spares.	**1,231,048**	1,381,137
iii)	Commitments with Fauji Foundation for investment in wind projects.	**5,000,000**	-
iv)	Company's share of commitments of Fauji Cement Company Limited as at September 30, 2010.	**8,167**	60,315
v)	Company's share of commitments of PMP as at September 30, 2010.	**16,013**	43,379

15. PROPERTY, PLANT AND EQUIPMENT

	OWNED ASSETS												
	Leasehold land	Freehold land	Buildings on lease hold land	Plant and machinery	Furniture and fittings	Vehicles	Office and other equipment	Intangibles	Computer and ancillary equipment	Library books	Catalyst	Capital work in progress (note 15.1)	Total
	(Rupees, 000)												
COST													
Balance as at January 01, 2009	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
Additions during the year	-	-	75,848	53,529	2,530	63,506	18,894	-	12,545	563	104,194	624,517	956,126
Disposals	-	-	-	(5,428)	-	(13,187)	(112)	-	(15)	-	-	-	(18,742)
Adjustments	-	-	-	(1,333)	(15,961)	(15,865)	(36,560)	-	(34,310)	(783)	-	-	(104,812)
Transfers	-	-	-	126,823	-	-	-	-	-	-	-	(126,823)	-
Balance as at December 31, 2009	213,350	120,000	1,549,318	22,156,967	4,664	146,119	32,133	-	32,705	1,788	211,950	705,502	25,174,496
Balance as at January 01, 2010	213,350	120,000	1,549,318	22,156,967	4,664	146,119	32,133	-	32,705	1,788	211,950	705,502	25,174,496
Additions during the year	-	-	21,138	-	1,651	103,706	16,718	-	34,873	186	-	279,148	457,420
Disposals	-	-	-	(232)	-	(18,482)	-	-	(81)	-	-	-	(18,795)
Adjustments	-	-	-	-	63	(6,266)	(516)	-	711	-	(37,353)	-	(43,361)
Transfers	-	-	-	64,558	-	-	5,286	98,747	67,550	-	-	(236,141)	-
Balance as at December 31, 2010	**213,350**	**120,000**	**1,570,456**	**22,221,293**	**6,378**	**225,077**	**53,621**	**98,747**	**135,758**	**1,974**	**174,597**	**748,509**	**25,569,760**
DEPRECIATION													
Balance as at January 01, 2009	68,423	-	392,507	7,800,844	13,903	64,638	40,560	-	45,098	1,832	67,015	-	8,494,820
Additions during the year	4,639	-	44,398	1,104,255	415	19,830	3,429	-	8,526	190	31,077	-	1,216,759
Disposals	-	-	-	(452)	-	(12,804)	(109)	-	(5)	-	-	-	(13,370)
Adjustments	(3,867)	-	(85)	15,389	(13,480)	(23,062)	(36,046)	-	(38,198)	(1,263)	-	-	(100,612)
Balance as at December 31, 2009	69,195	-	436,820	8,920,036	838	48,602	7,834	-	15,421	759	98,092	-	9,597,597
Balance as at January 01, 2010	69,195	-	436,820	8,920,036	838	48,602	7,834	-	15,421	759	98,092	-	9,597,597
Additions during the year	4,640	-	46,540	1,108,289	571	52,168	6,419	24,687	32,344	690	38,048	-	1,314,396
Disposals	-	-	-	(120)	-	(11,517)	-	-	(2)	-	-	-	(11,639)
Adjustments	-	-	-	-	-	-	(418)	-	417	-	(37,353)	-	(37,354)
Balance as at December 31, 2010	**73,835**	**-**	**483,360**	**10,028,205**	**1,409**	**89,253**	**13,835**	**24,687**	**48,180**	**1,449**	**98,787**	**-**	**10,863,000**
Written down value- 2009	144,155	120,000	1,112,498	13,236,931	3,826	97,517	24,299	-	17,284	1,029	113,858	705,502	15,576,899
Written down value- 2010	**139,515**	**120,000**	**1,087,096**	**12,193,088**	**4,969**	**135,824**	**39,786**	**74,060**	**87,578**	**525**	**75,810**	**748,509**	**14,706,760**
Rate of depreciation	2 to 4%	-	3%	5%	10%	20 to 33%	15%	33%	33%	30%	17 to 50%	-	

	Note	2010	2009
		(Rupees '000)	

15.1 CAPITAL WORK IN PROGRESS

This is made up as follows:

	2010	2009
Advances to suppliers	-	2,050
Intangible assets	-	105,283
Plant and machinery	577,838	554,717
Others	170,671	43,452
	748,509	705,502

15.2 Depreciation charge has been allocated as follows:

	Note	2010	2009
Cost of sales	26	1,292,523	1,212,073
Administrative expenses	28	21,873	4,686
		1,314,396	1,216,759

15.3 Details of property, plant and equipment sold:

	Cost	Book value	Sale proceeds
		(Rupees '000)	
Vehicles			
As per Company policy to executives			
Brig. (R) Muhammad Zia	1,914	1,467	644
Maj. (R) Arif Butt	1,407	1,008	576
Maj. (R) Zahir Ahmed Khan	1,404	1,100	1,184
Maj. (R) Hayat Rana	1,407	1,030	824
Mr. Muhammad Javed Akhtar	979	229	507
Mr. Raja Rehan Munawar	893	56	167
Mr. Malik Irshad Hussain	1,029	407	256
Aggregate of items of property, plant and equipment with individual book value below Rs. 50,000	9,762	1,859	5,159
2010	**18,795**	**7,156**	**9,317**
2009	18,742	5,372	6,736

	Note	2010	2009
		(Rupees '000)	
16. LONG TERM INVESTMENTS			
Investment in joint venture - equity method			
Pakistan Maroc Phosphore S.A, Morocco	16.1		
Balance brought forward		1,795,989	2,105,894
Share of profit / (loss)		118,105	(336,015)
Dividend		-	(99,496)
(Loss) / gain during the year on translation of net assets	16.1.2	(13,534)	125,606
Closing balance		1,900,560	1,795,989
Investment in associate - equity method			
Fauji Cement Company Limited (FCCL)	16.2		
Balance brought forward		331,983	310,876
Share of profit		2,712	21,107
Closing balance		334,695	331,983
Investment - available for sale - unquoted			
Arabian Sea Country Club Limited (ASCCL)	16.3		
300,000 ordinary shares of Rs. 10 each		3,000	3,000
Less: Impairment in value of investment		3,000	3,000
		-	-
		2,235,255	2,127,972

16.1 Cost of this investment is Moroccan Dirhams 200,000 thousand which represents 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, if any legal restriction are laid on dividends by Pakistan Maroc Phosphor S.A., the investment 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 2010	September 2009	September 2010	September 2009
	(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	**15,334,867**	17,427,167	**25,409,061**	21,440,496
Non - current liabilities	**(17,930,158)**	(11,544,126)	**(14,024,677)**	(11,268,719)
Current assets	**12,598,897**	10,863,556	**2,297,921**	1,805,921
Current liabilities	**(10,003,607)**	(9,562,642)	**(3,912,505)**	(2,393,605)
Revenue	**17,473,341**	12,456,577	**2,890,334**	3,814,771
Expenses	**(16,629,304)**	13,902,211	**(2,727,893)**	(3,173,391)
Profit/(loss)	**844,037**	(1,445,634)	**162,441**	641,380

Financial statements for the period ended September 30, 2010 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 movement in exchange rate parity between the Moroccan Dirhams and Pak Rupees.

16.2 Fair value of investment in FCCL as at December 31, 2010 was Rs. 94,125 thousand. The management, however believes that the recoverable amount of this investment is much higher than the fair value as at December 31, 2010. 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.

The recoverable amount of the investment in Fauji Cement Company Limited was tested for impairment based on value in use, in accordance with IAS - 36. The value in use calculations are based on cash flow projections based on the budget and forecasts approved by management for 2010. These are then extrapolated for a period of 10 years using a steady long term expected demand growth of 2% and terminal value determined based on long term earning multiples. The cash flows are discounted using a post-tax discount rate of 12.06%. Based on this calculation, no impairment has been accounted for.

The Company is committed not to dispose off its investment in FCCL so long as the loan extended to FCCL by the Royal Bank of Scotland remains outstanding or without prior consent of FCCL.

16.3 As per audited accounts of ASCCL for the year ended June 30, 2010, the break-up value of an ordinary share was Rs. 11.14 (June 30, 2009: Rs. 8.25).

		2010	2009
		(Rupees '000)	
17.	**STORES AND SPARES**		
	Stores	339,050	70,769
	Spares	1,647,158	1,848,846
	Items in transit	106,944	129,674
	Provision for obsolescence	(190,914)	(199,495)
		1,902,238	1,849,794
18.	**STOCK IN TRADE**		
	Packing materials	85,554	17,072
	Raw materials	907,024	1,033,875
	Work in process	29,493	5,140
	Finished goods	248,596	170,926
		1,270,667	1,227,013
19.	**TRADE DEBTS**		
	Considered good	829,985	476,728
		829,985	476,728
20.	**ADVANCES**		
	Advances to:		
	- Executives, unsecured considered good	10,975	3,546
	- Other employees, unsecured considered good	12,984	13,813
	Advances to suppliers and contractors		
	- Considered good	90,403	93,994
	- Considered doubtful	45	45
		90,448	94,039
	Provision for doubtful advances	(45)	(45)
		90,403	93,994
		114,362	111,353
21.	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**		
	Security deposits	1,292	1,047
	Prepayments	12,690	3,760
		13,982	4,807

	Note	2010	2009
		(Rupees '000)	
22. OTHER RECEIVABLES			
Due from the holding company - unsecured, considered good	22.1	-	161,203
Other receivables			
- Considered good	22.2	99,009	69,594
- Considered doubtful		53,482	53,482
		152,491	123,076
Provision for doubtful receivables		(53,482)	(53,482)
		99,009	69,594
		99,009	230,797

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

22.2 This includes sales tax refund payment order of Rs. 53,030 thousand (2009: Rs. Nil) against the Company's claim of sales tax which has subsequently been received by the Company .

23. SHORT TERM INVESTMENTS

	Note	2010	2009
		(Rupees '000)	
Loans and receivables at amortised cost			
Term deposits with banks and financial institutions		1,250,000	4,400,000
Investments at fair value through profit or loss - held for trading			
Money market funds		-	251,376
Surplus on remeasurement		-	7,560
		-	258,936
		1,250,000	4,658,936

24. CASH AND BANK BALANCES

	Note	2010	2009
Deposit accounts - in local currency	24.1	9,219,307	7,976,248
- in foreign currency		1,604	1,649
		9,220,911	7,977,897
Current accounts		3,498,940	1,669,919
Cash in hand		200	215
		12,720,051	9,648,031

24.1 This includes Rs. 208,060 thousand (2009: Rs. 118,539 thousand) held under lien by the commercial banks against credit facilities.

25. TURNOVER

	Note	2010	2009
		(Rupees '000)	
Gross sales		43,755,135	37,270,515
Less: Trade discounts		474,796	518,878
Commission to the holding company	25.1	23,627	26,717
		498,423	545,595
		43,256,712	36,724,920

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

	Note	2010	2009
		(Rupees '000)	
26. COST OF SALES			
Raw materials consumed		**23,045,884**	15,518,409
Packing materials consumed		**590,542**	470,472
Fuel and power		**2,339,022**	1,990,504
Chemicals and supplies consumed		**161,565**	158,370
Salaries, wages and benefits	26.1	**1,316,216**	1,074,527
Rent, rates and taxes		**25,116**	28,359
Insurance		**79,200**	69,671
Travel and conveyance		**74,921**	55,145
Repairs and maintenance		**901,639**	979,294
Communication, establishment and other expenses		**68,935**	35,483
Depreciation	15.2	**1,292,523**	1,212,073
Provision for inventory obsolescence		**-**	56,263
Opening stock - work in process		**5,140**	3,602
Closing stock - work in process		**(29,493)**	(5,140)
Cost of goods manufactured		**29,871,210**	21,647,032
Opening stock - own manufactured fertilizers		**170,926**	5,583,460
Closing stock - own manufactured fertilizers		**(248,595)**	(170,926)
Cost of sales - own manufactured fertilizers		**29,793,541**	27,059,566

26.1 This includes charge on account of employees' retirement benefits in respect of gratuity, provident fund and compensated absences amounting to Rs. 28,000 thousand, Rs. 23,972 thousand and Rs. 29,006 thousand respectively. (2009: Rs. 28,539 thousand, Rs. 18,430 thousand and Rs. 30,557 thousand respectively).

	Note	2010	2009
		(Rupees '000)	
27. SELLING AND DISTRIBUTION EXPENSES			
Product transportation		**1,913,978**	1,680,782
Expenses charged by the holding company	27.1		
Salaries, wages and benefits		**474,141**	353,109
Rent, rates and taxes		**39,101**	33,410
Technical services		**5,754**	3,616
Insurance expense		**6,937**	14,688
Travel and conveyance		**44,220**	49,597
Sales promotion and advertising		**21,612**	17,260
Communication, establishment and other expenses		**37,393**	36,495
Warehousing expenses		**27,674**	38,070
Depreciation		**13,873**	9,096
		670,705	555,341
		2,584,683	2,236,123

27.1 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.

	Note	2010	2009
		(Rupees '000)	
28. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	28.1	360,345	262,580
Travel and conveyance		80,317	30,297
Utilities		4,777	3,397
Printing and stationery		10,116	8,575
Repairs and maintenance		17,930	6,019
Communication, advertisement and other expenses		23,709	16,928
Rent, rates and taxes		7,755	5,807
Listing fee		389	328
Donations	28.2	130,960	33,915
Legal and professional		16,266	8,582
Depreciation	15.2	21,873	4,686
Miscellaneous		25,735	20,090
		700,172	401,204

28.1 This includes charge on account of employees' retirement benefits in respect of gratuity, provident fund and compensated absences amounting to Rs. 6,781 thousand, Rs. 6,780 thousand and Rs. 11,363 thousand respectively (2009: Rs. 5,219 thousand, Rs. 4,202 thousand and Rs. 6,512 thousand respectively).

28.2 The Company has paid donations aggregating Rs. 90,388 thousand to the projects of Fauji Foundation - a related party.

	2010	2009
	(Rupees '000)	
29. FINANCE COST		
Mark-up on long term financing		
- Banking companies and financial institutions	44,942	96,708
Mark-up on long term murabaha	4,169	8,971
Mark-up on short term borrowings	833,890	1,212,803
Interest on Workers' (Profit) Participation Fund	1,247	454
Bank charges	8,693	4,669
Exchange loss	41,055	136,187
	933,996	1,459,792

	Note	2010	2009
		(Rupees '000)	
30. OTHER OPERATING EXPENSES			
Workers' (Profit) Participation Fund	10.1	519,866	312,302
Workers' Welfare Fund		191,668	125,430
Loss on sales of fixed assets		-	4,200
Auditor's remuneration			
Fees - annual audit		750	550
Fees - half yearly review		100	100
Other certification & services		90	60
Out of pocket expenses		50	50
		990	760
		712,524	442,692

	2010	2009
	(Rupees '000)	
31. OTHER INCOME		
Income from financial assets		
Profit on bank balances and term deposits	475,022	583,976
Dividend received on investment in money market funds	148,709	156,267
Gain on sale of investments	370,281	219,425
	994,012	959,668
Income from assets other than financial assets		
Scrap sales and miscellaneous receipts	36,991	36,636
Gain on sale of property, plant and equipment	2,161	1,364
	1,033,164	997,668
32. TAXATION		
Current	3,408,046	2,195,215
Deferred	(236,717)	(171,277)
	3,171,329	2,023,938

32.1 Reconciliation of tax charge for the year:

	2010 (Rupees '000)	2010 %	2009 (Rupees '000)	2009 %
Profit before tax	9,685,778		5,808,303	
Tax on profit	3,390,022	35.000	2,032,906	35.000
Tax effect of lower rate on certain income	(1,060)	(0.011)	5,322	0.092
Tax effect of permanent differences	(217,633)	(2.247)	(14,290)	(0.246)
	3,171,329	32.742	2,023,938	34.846

32.2 During the year, the Company revised its income tax returns relating to tax years 2007, 2008 and 2009 under the provisions of the Income Tax Ordinance 2001.

33. EARNINGS PER SHARE - BASIC AND DILUTED

	2010	2009
	(Rupees '000)	
Profit after taxation (Rupees '000)	6,514,449	3,784,365
Weighted average number of ordinary shares in issue during the year (thousands)	934,110	934,110
Earnings per share - basic and diluted (Rupees)	6.97	4.05

There is no dilutive effect on the basic earnings per share of the Company for the year 2010.

34. CASH GENERATED FROM OPERATIONS

	Note	2010	2009
		(Rupees '000)	
Profit before taxation		**9,685,778**	5,808,303
Adjustments for:			
Provision for gratuity		**34,781**	33,758
Exchange losses		**41,055**	136,187
Provision for compensated absences		**40,369**	37,069
Provision for Workers' (Profit) Participation Fund		**519,866**	312,302
Provision for Workers' Welfare Fund		**191,668**	125,430
Adjustment to property, plant and equipment		**6,007**	-
Property, plant and equipment written off		**-**	4,200
Depreciation	15.2	**1,314,396**	1,216,759
Finance cost		**892,941**	1,323,605
Provision for inventory obsolescence		**-**	56,263
Gain on sale of investments including dividend received		**(518,990)**	(375,692)
Share of (profits) / loss of associate and joint venture		**(120,818)**	314,908
Profit on bank balances		**(475,022)**	(583,976)
Gain on sale of property, plant and equipment		**(2,161)**	(1,364)
Operating profit before working capital changes		**11,609,870**	8,407,752
Changes in working capital			
Stores and spares		**(52,444)**	(483,490)
Stock in trade		**(43,654)**	4,449,726
Trade debts		**(353,257)**	(191,274)
Advances		**(3,009)**	(46,716)
Trade deposits and short term prepayments		**(9,175)**	69
Due from GOP		**-**	12,440,060
Other receivables		**184,818**	244,823
Trade and other payables		**1,830,789**	(757,640)
Sales tax		**-**	43
		1,554,068	15,655,601
		13,163,938	24,063,353

35. 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:

	2010		2009	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees '000)			
Managerial remuneration	7,684	390,527	5,000	331,621
Bonus	3,571	314,221	1,803	114,481
Contributory Provident Fund	381	19,026	231	15,821
Others	3,681	127,850	2,059	207,145
	15,317	851,624	9,093	669,068
No. of person (s)	1	172	1	155

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.1,718 thousand (2009: Rs. 4,575 thousand) on separation in accordance with the Company's policy.

In addition, the other directors of the Company are paid meeting fee aggregating Rs. 770 thousand (2009: Rs. 730 thousand). No remuneration was paid to directors of the Company; (2009: Nil). The number of directors of the Company was 12 (2009: 9).

36. FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

36.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade debts, deposits, advances, interest accrued, short term investments, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2010	2009
	(Rupees '000)	
Trade debts	829,985	476,728
Deposits	77,604	77,593
Advances	23,959	17,359
Interest accrued	50,914	116,819
Other receivables - net of provision	99,009	230,797
Short term investments	1,250,000	4,658,936
Bank balances	12,719,851	9,647,781
	15,051,322	15,226,013

Geographically there is no concentration of credit risk.

The maximum exposure to credit risk for trade debts at the reporting date are with dealers within the country .

The Company's most significant amount receivable is from a related party which amounts to Rs. Nil (2009: Rs. 161,203 thousands) and which is included in total carrying amount of other receivables as at reporting date.

Trade debts are secured against letter of guarantee. The Company has placed funds in financial institutions with high credit ratings. The Company assesses the credit quality of the counter parties as satisfactory. The Company does not hold any collateral as security against any of its financial assets other than trade debts.

The Company limits its exposure to credit risk by investing only in liquid securities and only with counterparties that have high credit rating. Management actively monitors credit ratings and given that the Company only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Impairment losses

The aging of trade debts at the reporting date was:

	Gross 2010	Impairment 2010	Gross 2009	Impairment 2009
	(Rupees '000)			
Past due 1-30 days	163,208	-	212,454	-
Past due 31-60 days	-	-	-	-
Past due 60-180 days	666,777	-	264,274	-
	829,985	-	476,728	-

Based on past experience, the management believes that no impairment allowance is necessary in respect of trade debts.

The Company has recorded an impairment loss of Rs. 3,000 thousand (2009 : Rs. 3,000 thousand) in respect of its investment in available-for-sale investments.

36.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The management uses different methods which assists it in monitoring cash flow requirements and optimising the return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligation; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Company maintains lines of credit as mentioned in note 12 to the financial statements.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

2010	**Carrying amount**	**Contractual cash flows**	**Six months or less**	**Six to twelve months**	**One to two years**	**Two to five years**	**Five years onwards**
	(Rupees '000)						
Loan, financing and murabaha	**4,765,214**	**4,772,556**	**883,353**	**-**	**648,201**	**1,944,600**	**1,296,402**
Trade and other payables	**6,202,787**	**6,202,787**	**6,202,787**	**-**	**-**	**-**	**-**
Short term borrowings	**5,652,724**	**5,801,477**	**5,801,477**	**-**	**-**	**-**	**-**
	16,620,725	**16,776,820**	**12,887,617**	**-**	**648,201**	**1,944,600**	**1,296,402**

2009	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Five years onwards
	(Rupees '000)						
Loan, financing and murabaha	5,869,038	5,890,638	897,612	227,812	876,011	1,944,600	1,944,603
Trade and other payables	5,860,716	5,860,716	5,860,716	-	-	-	-
Short term borrowings	7,730,450	7,985,661	7,985,661	-	-	-	-
	19,460,204	19,737,015	14,743,989	227,812	876,011	1,944,600	1,944,603

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly earlier, or at significantly different amounts.

36.2.1 The contractual cash flow relating to long and short term borrowings have been determined on the basis of expected mark up rates. The mark-up rates have been disclosed in notes 6,7,8 and 12 to these financial statements.

36.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate risk only.

36.3.1 Currency risk

Exposure to currency risk

The Company is exposed to currency risk on short term loan, creditors and bank balance which are denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2010 (Rupees '000)	2010 (US Dollar '000)	2009 (Rupees '000)	2009 (US Dollar '000)
Bank balance	**1,604**	**19**	1,649	20
Creditors	**(3,417,020)**	**(39,853)**	(2,427,143)	(28,744)
Short term loans	**(1,179,426)**	**(13,756)**	-	-
Net exposure	**(4,594,842)**	**(53,590)**	(2,425,494)	(28,724)

The following significant exchange rate applied during the year:

	Average rates 2010	Average rates 2009	Balance sheet date rate (Bid-Offer average) 2010	Balance sheet date rate (Bid-Offer average) 2009
US Dollars	**85.09**	81.57	**85.74**	83.78

Sensitivity analysis

A 10% strengthening of the functional currency against USD at 31 December would have increased profit and loss by Rs. 459,484 thousand (2009 : Rs. 242,549 thousand). A 10% weakening of the functional currency against USD at 31 December would have had the equal but opposite effect of these amounts. The analysis assumes that all other variables remain constant.

36.3.2 Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and short term deposits with banks. At the balance sheet date the interest rate risk profile of the Company's interest bearing financial instruments is:

	Carrying amount 2010 (Rupees '000)	Carrying amount 2009 (Rupees '000)
Fixed rate instruments		
Financial assets	**1,250,000**	4,400,000
Financial liabilities	**4,226,238**	2,600,000
Variable rate instruments		
Financial assets	**9,220,911**	7,977,897
Financial liabilities	**1,654,296**	5,813,900

Fair value sensitivity analysis for fixed rate instruments

The Company does not hold any financial asset or liability at fair value through profit and loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased/ (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

	Profit or loss	
	100 basis points increase	**100 basis points decrease**
	(Rupees '000)	
December 31, 2010		
Cash flow sensitivity - variable rate instruments	**11,711**	**11,711**
	11,711	**11,711**
December 31, 2009		
Cash flow sensitivity - variable rate instruments	9,150	9,150
	9,150	9,150

36.4 Fair values

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Note	December 31, 2010 Carrying amount	December 31, 2010 Fair value	December 31, 2009 Carrying amount	December 31, 2009 Fair value
		(Rupees '000)			
Assets carried at amortised cost					
Trade debts	19	829,985	829,985	476,728	476,728
Deposits		77,604	77,604	77,593	77,593
Advances	20	23,959	23,959	17,359	17,359
Interest accrued		50,914	50,914	116,819	116,819
Other receivables - net of provision	22	99,009	99,009	230,797	230,797
Short term investments - loans and receivables	23	1,250,000	1,250,000	4,400,000	4,400,000
Bank balances	24	12,719,851	12,719,851	9,647,781	9,647,781
		15,051,322	15,051,322	14,967,077	14,967,077
Assets carried at fair value					
Short term investments - Investments at fair value through profit or loss	23	-	-	258,936	258,936
Liabilities carried at amortised cost					
Loan, financing and murabaha	6, 7 & 8	4,765,214	4,765,214	5,869,038	5,869,038
Trade and other payables	10	6,202,787	6,202,787	5,860,716	5,860,716
Short term borrowings	12	5,652,724	5,652,724	7,730,450	7,730,450
		16,620,725	16,620,725	19,460,204	19,460,204

The basis for determining fair values is as follows:

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. The interest rate used to determine fair value of GOP loan is 14% (2009:15%). Since originally the loan is zero interest based, there is no difference in the carrying amount of the loan and fair value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
		(Rupees '000)	
December 31, 2010			
Assets carried at fair value			
Short term investments - investment in mutual funds	-	-	-
December 31, 2009			
Assets carried at fair value			
Short term investments - investment in mutual funds	258,936	-	-

The carrying value of financial assets and liabilities reflected in financial statements approximate their respective fair values.

36.5 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Investment in fair value through profit and loss account - held for trading

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

Investment in associate

The fair value of investment in associate is determined by reference to their quoted closing bid price at the reporting date.

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non - derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

36.6 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 except for the maintenance of debt to equity ratios under the financing agreements.

37. RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Fauji Fertilizer Company Limited (FFC) with 50.88 % holding (2009: 50.88%). FFC is sponsored by Fauji Foundation (FF) which holds 17.29 % shares (2009: 17.29 %) in the Company. Therefore all subsidiaries and associated undertakings of FF and FFC are related parties of the Company. In addition, Pakistan Maroc Phosphore S.A, Morocco is also a related party 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 35 to the financial statements.

	2010	2009
	(Rupees '000)	
Transactions with the holding company		
Services and material acquired	681,648	564,061
Services and material provided	870	3,170
Commission charged to the Company	23,627	26,717
Dividend paid - net	2,266,861	1,710,839
Balance receivable at the year end - unsecured	-	161,203
Transactions with associated undertakings due to common directorship		
Goods sold	2,469	2,230
Rent charged to the Company	1,030	937
Dividend paid - net	770,361	581,405
Donation paid	90,388	-
Repayment of principal portion of long term finance	38,679	-
Financial charges	4,169	-
Loan balance payable at the year end - secured	19,338	-
Transactions with joint venture company		
Purchase of raw materials	19,342,767	13,187,963
Dividend received	-	95,389
Expenses incurred on behalf of joint venture company	27,808	20,423
Balance payable at the year end - secured (included in note 10)	3,347,622	2,412,237
Balance receivable at the year end - unsecured (included in note 22)	21,376	11,005
Other related parties		
Contribution to Provident Fund	30,752	22,632
Payment to Gratuity Fund	28,497	27,702
Payment to Workers' (Profit) Participation Fund	503,549	278,890
Balance payable at the year end - unsecured	412,980	333,291
Payable to Gratuity Fund	20,757	14,473

		2010	2009
		(Tonnes)	
38.	**GENERAL**		
38.1	**Production capacity**		
	Design capacity		
	Urea	**551,100**	551,100
	DAP	**650,000**	600,000
	Actual production		
	Urea	**524,356**	627,079
	DAP	**659,556**	540,096

The shortfall in urea production was mainly due to non-availability of required quantity of gas and turnaround during the year.

38.2 The Board of Directors in their meeting held on January 25, 2011 have proposed a final dividend of Rs. 3.50 per ordinary share.

38.3 These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on January 25, 2011.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR

Pattern of Shareholding
as at December 31, 2010

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
2. NIT and ICP	
National Bank of Pakistan Trustee Deptt	2,184,435
IDBP (ICP UNIT)	500
CDC - Trustee NIT-Equity Market Opportunity Fund	1,530,689
3. Directors, CEO and their spouse and minor children	
Lt Gen Hamid Rab Nawaz, HI(M), (Retd)	1
Lt Gen Anis Ahmed Abbasi, HI(M), (Retd)	1
Lt Gen Malik Arif Hayat HI(M), (Retd)	1
Mr Qaiser Javed	1
Brig Rahat Khan SI(M), (Retd)	1
Dr Nadeem Inayat	1
Brig Liaqat Ali, TI(M), (Retd)	1
Brig Jawaid Rashid Dar, SI(M), (Retd)	1
Brig Parvez Sarwar Khan, SI(M), (Retd)	1
Mr Naved A. Khan	500
Mr Nasier A. Sheikh	500
Dr Rashid Bajwa	500
4. Executives	106,561
5. Public sector companies and corporations	-
6. Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds	57,847,656
7. Shareholders holding ten percent or more voting interest	
Fauji Fertilizer Company Ltd	475,232,996
Fauji Foundation	161,501,286

Sr.No.	Categories	Shareholders	Shares	Percentage
1	Individual	14403	138,642,206	14.84
2	Investment Companies	8	943,873	0.10
3	Insurance Companies	17	9,440,164	1.01
4	Joint Stock Companies	178	503,196,493	53.87
5	Financial Institutions	19	22,834,315	2.44
6	Modarabas	9	426,865	0.05
7	Foreign Companies	35	30,337,095	3.25
8	Co-op Socities	2	164,304	0.02
9	Charitable Trusts	20	171,686,032	18.38
10	Mutual Funds	46	24,202,439	2.59
11	Others	52	32,236,214	3.45
	Total	14789	934,110,000	100.00

Pattern of Shareholding
as at December 31, 2010

Number of Shareholders	Shareholding From		To	Total Shares Held
870	1	-	100	48,826
3834	101	-	500	1,736,293
2813	501	-	1000	2,314,977
3819	1001	-	5000	10,880,494
1332	5001	-	10000	10,633,245
491	10001	-	15000	6,302,307
307	15001	-	20000	5,636,645
204	20001	-	25000	4,795,141
147	25001	-	30000	4,171,216
110	30001	-	35000	3,647,841
92	35001	-	40000	3,554,773
39	40001	-	45000	1,678,157
126	45001	-	50000	6,220,435
40	50001	-	55000	2,101,394
44	55001	-	60000	2,598,177
33	60001	-	65000	2,104,307
28	65001	-	70000	1,901,347
20	70001	-	75000	1,478,931
18	75001	-	80000	1,409,907
20	80001	-	85000	1,664,708
16	85001	-	90000	1,417,657
7	90001	-	95000	647,320
54	95001	-	100000	5,383,846
10	100001	-	105000	1,027,120
11	105001	-	110000	1,200,800
9	110001	-	115000	1,011,720
8	115001	-	120000	944,912
11	120001	-	125000	1,352,916
11	125001	-	130000	1,410,510
7	130001	-	135000	937,766
5	135001	-	140000	692,100
4	140001	-	145000	574,121
22	145001	-	150000	3,283,234
7	150001	-	155000	1,072,665
4	160001	-	165000	656,000
7	165001	-	170000	1,171,498
3	170001	-	175000	525,000
5	175001	-	180000	899,250
5	180001	-	185000	918,836
4	190001	-	195000	772,368

Pattern of Shareholding
as at December 31, 2010

Number of Shareholders	Shareholding From		To	Total Shares Held
19	195001	-	200000	3,788,887
3	200001	-	205000	612,973
4	210001	-	215000	851,236
5	215001	-	220000	1,087,040
3	220001	-	225000	666,424
5	225001	-	230000	1,147,372
1	230001	-	235000	235,000
2	235001	-	240000	479,064
5	245001	-	250000	1,246,331
2	250001	-	255000	507,000
3	255001	-	260000	777,000
3	260001	-	265000	792,700
1	265001	-	270000	266,500
4	270001	-	275000	1,099,479
1	275001	-	280000	280,000
1	285001	-	290000	286,872
1	290001	-	295000	292,200
5	295001	-	300000	1,498,360
3	300001	-	305000	902,994
1	310001	-	315000	312,500
1	315001	-	320000	320,000
2	320001	-	325000	645,216
3	330001	-	335000	1,001,000
4	335001	-	340000	1,351,304
1	340001	-	345000	342,500
1	345001	-	350000	350,000
1	350001	-	355000	355,000
1	365001	-	370000	368,500
2	370001	-	375000	745,500
1	380001	-	385000	385,000
8	395001	-	400000	3,197,120
2	400001	-	405000	805,250
5	405001	-	410000	2,044,190
2	420001	-	425000	846,600
2	430001	-	435000	865,500
2	455001	-	460000	919,000
1	465001	-	470000	467,000
1	470001	-	475000	475,000
1	475001	-	480000	480,000
1	485001	-	490000	489,500

Pattern of Shareholding
as at December 31, 2010

Number of Shareholders	Shareholding From		To	Total Shares Held
4	495001	-	500000	2,000,000
1	515001	-	520000	516,000
1	520001	-	525000	523,500
1	525001	-	530000	528,106
2	545001	-	550000	1,100,000
1	560001	-	565000	560,699
1	580001	-	585000	584,164
3	595001	-	600000	1,800,000
1	600001	-	605000	604,840
1	605001	-	610000	606,500
1	610001	-	615000	613,500
1	630001	-	635000	635,000
1	660001	-	665000	662,975
1	665001	-	670000	666,000
1	680001	-	685000	680,664
1	685001	-	690000	688,144
1	700001	-	705000	704,078
1	735001	-	740000	737,000
1	755001	-	760000	756,500
1	775001	-	780000	779,000
1	780001	-	785000	780,500
1	795001	-	800000	800,000
1	840001	-	845000	841,000
1	880001	-	885000	884,400
1	945001	-	950000	946,000
1	955001	-	960000	957,904
1	970001	-	975000	974,500
1	985001	-	990000	990,000
4	995001	-	1000000	4,000,000
2	1025001	-	1030000	2,057,500
1	1055001	-	1060000	1,057,000
1	1170001	-	1175000	1,175,000
1	1200001	-	1205000	1,200,600
1	1230001	-	1235000	1,235,000
1	1260001	-	1265000	1,264,000
1	1395001	-	1400000	1,400,000
1	1425001	-	1430000	1,425,600
1	1440001	-	1445000	1,443,404
1	1500001	-	1505000	1,500,500
1	1530001	-	1535000	1,530,689

Pattern of Shareholding
as at December 31, 2010

Number of Shareholders	Shareholding From		Shareholding To	Total Shares Held
1	1600001	-	1605000	1,602,074
1	1745001	-	1750000	1,750,000
1	1765001	-	1770000	1,769,474
1	1850001	-	1855000	1,852,561
1	1885001	-	1890000	1,890,000
1	1965001	-	1970000	1,968,434
1	1995001	-	2000000	2,000,000
1	2100001	-	2105000	2,101,824
1	2180001	-	2185000	2,183,435
1	2250001	-	2255000	2,253,199
1	2265001	-	2270000	2,270,000
1	2300001	-	2305000	2,305,000
1	2345001	-	2350000	2,346,855
1	2480001	-	2485000	2,482,500
1	2495001	-	2500000	2,500,000
1	3195001	-	3200000	3,200,000
1	3660001	-	3665000	3,664,327
1	4985001	-	4990000	4,989,614
1	5130001	-	5135000	5,131,103
1	5400001	-	5405000	5,400,371
1	7190001	-	7195000	7,192,078
1	7775001	-	7780000	7,779,300
1	8195001	-	8200000	8,198,472
1	9510001	-	9515000	9,513,458
1	9995001	-	10000000	10,000,000
1	24455001	-	24460000	24,459,500
1	161500001	-	161505000	161,501,286
1	475225001	-	475240000	475,232,996
14789				934,110,000

Financial Calendar

Financial year of Company starts from 1st January and ends at 31st December.

Annual General Meeting will be held on March 21, 2011. Announcement of financial results will be as per the following tentative schedule:-

• First quarter ending 31 Mar 2011	Last week of April 2011
• Half year ending 30 Jun 2011	Last week of July 2011
• Third quarter ending 30 Sep 2011	Last week of October 2011
• Year ending 31 Dec 2011	Last week of January 2012

FORM OF PROXY
17th 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 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 17th Annual General Meeting of the Company to be held on 21 March 2011 and / or any adjournment thereof.
In witness thereof I / We have singed and set my / our hand seal thereon this ______________________ day of_____________________ 2011 in the presence of __________________________.

Folio No.	CDC Account No.	
	Participant ID	Sub Account No.

Signature on
Five Rupees
Revenue Stamp

This 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 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 owner(s) 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 Director's resolution / Power of Attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

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Affix Correct Postage

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

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[www.ffbl.com.pk]

FFBL
Fauji Fertilizer Bin Qasim Limited

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73-Harley Street, Rawalpindi

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(051) 927 0923, 551 6043

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E: info@ffbl.com.pk