

Half Yearly
ACCOUNTS
2018



FFBL
Fuzhi Fertilizer Industry Limited

COMPANY INFORMATION

DIRECTORS

- Lt Gen Syed Tariq Nadeem Gilani, HI(M), (Retd)
Chairman
- Lt Gen Javed Iqbal, HI(M), (Retd)
Chief Executive & Managing Director
- Lt Gen Tariq Khan, HI(M), (Retd)
- Mr Qaiser Javed
- Dr. Nadeem Inayat
- Maj Gen Kaleem Saber Taseer, HI(M), (Retd)
- Maj Gen Tahir Ashraf Khan, HI(M), (Retd)
- Maj Gen Wasim Sadiq, HI(M), (Retd)
- Brig Raja Jahanzeb, SI (M), (Retd)
- Mr Naved A. Khan
- Mr Nasier A. Sheikh
- Dr. Rashid Bajwa

COMPANY SECRETARY

Brig Syed Mujtaba Tirmizi, SI (M), (Retd)

CHIEF FINANCIAL OFFICER

Syed Aamir Ahsan

REGISTERED OFFICE

FFBL Tower, C1 / C2, Sector B, Jinnah Boulevard,
Phase II, DHA Islamabad.

Tel: +92 51 8763325, Fax: +92 51 8763304-05

E-mail: secretary@ffbl.com

PLANTSITE

Plot No. EZ//P-1 Eastern Zone, Port Qasim, Karachi 75020.

Tel: +92 21 34724500-29 Fax : +92 21 34750704

Email: information@ffbl.com

WEB PRESENCE

www.ffbl.com

BANKERS

| | |
|--------------------------------------------|---------------------------------------|
| Habib Bank Limited | The First Micro Finance Bank Limited |
| MCB Bank Limited | Soneri Bank Limited |
| United Bank Limited | Summit Bank Limited |
| National Bank of Pakistan | JS Bank Limited |
| Allied Bank Limited | Samba Bank Limited |
| Askari Bank Limited | Zarai Taraqati Bank Limited |
| Faysal Bank Limited | Industrial & Commercial Bank of China |
| Standard Chartered Bank (Pakistan) Limited | The Bank of Khyber |
| Habib Metropolitan Bank Limited | Al-Baraka Bank (Pakistan) Limited |
| Bank Al-Falah Limited | Dubai Islamic Bank Pakistan Limited |
| Bank Al-Habib Limited | Bank Islami Pakistan Limited |
| Silk Bank Limited | Meezan Bank Limited |
| The Bank of Punjab | MCB Islamic Bank Limited |

LEGAL ADVISORS

Orr Dignam & Co,
Advocates Marina Heights,
2nd floor, 109 East, Jinnah Avenue,
Blue Area, Islamabad, Pakistan
Tel:051-2348645-9

AUDITORS

EY Ford Rhodes
Eagle Plaza, 75 West
Fazal-e-Haq Road
Blue Area, Islamabad .

SHARES REGISTRAR

M/s Corplink (Pvt) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore.
Tel: (042) 35839182, 35916719
Fax: (042) 35869037

Directors' Review

For the Half Year Ended June 30, 2018

The Board of Directors is pleased to present a brief overview of the operational and financial performance of the Company for the half year ended June 30, 2018.

Overall performance of the plants remained satisfactory during the period. Supply of gas to the Company was below the allocated quota, resultantly the average gas curtailment was 14.9% during the period compared to 8.5% in the same period of last year. Provision of power and steam by FFBL Power Company Ltd to FFBL enabled the Company to utilize the gas as raw material, instead of fuel and enhance its production. Production of Ammonia at 220 Kt and Urea at 256 Kt is higher by 4% and 16% respectively whereas production of DAP at 331 Kt is lower by 13% compared with the corresponding period of last year. DAP production was lower due to unavailability of Phosphoric acid (a result of closure of Moroccan ports owing to bad weather/ high tides) resulted in DAP plant shutdown for approximately 16 days and low load operation for approximately 20 days.

Urea sales during half year ended June 30, 2018 were 255 Kt, showing increase of 29% as compared to 198 Kt sales of corresponding period. DAP sales during the period were 208 Kt, 21% lower than 264 Kt sales of corresponding period.

Year 2018 started on a positive note with market tilted towards balanced supply situation. Water scarcity affected fertilizer consumption during 2nd quarter of the year but rising fertilizer price trend kept dealers interested in forward buying. It resulted in increased availability of stocks with the dealers, which kept the market prices close to the dealer transfer prices.

Impact of increasing USD / PKR parity and rising inflation, due to multiple factors, during 2nd quarter of the year forced the fertilizer manufacturing companies to increase domestic prices to ensure business viability. Furthermore, GoP announcement of withdrawal of subsidy and adjustment of GST on Urea from July 1, 2018 stimulated forward buying as dealers expected net increase in prices.

Urea market generally remained steady during the half year ended June 30, 2018. Industry Urea production during this period is estimated at 2,640 Kt, 8% less than 2,861 Kt production during the same period of preceding year. Domestic sales are estimated at 2,715 Kt, almost at par with same period of preceding year. Industry also exported 76 Kt Urea during the period under review. Estimated inventory as at June 30, 2018 is 120 Kt.

Upward price trend in domestic market encouraged dealers to invest in phosphate products. However, water shortage and higher DAP price affected the consumption at farmer level. Year started with an inventory of 255 Kt, which was 144% more than the inventory at the start of 2017. Domestic sales of DAP during Jan - June 2018 is estimated at 685 Kt, 16% higher as compared to 591 Kt during the same period of last year. Industry is estimated to carry an inventory of 585 Kt into the second half of 2018.

During Jan-Jun 2018, FFBL share in sale of Urea and DAP market is estimated to be 10% and 30% respectively.

FFBL's financial results for the half year ended June 30, 2018 show a gross profit of Rs. 1,416 million as compared to gross profit of Rs. 289 million in corresponding period. The main reasons include increase in selling price, higher sales volume of Urea and classification of subsidy on Urea and DAP of Rs. 315 million as against Rs. 2,199 million in other income in corresponding period. Increase in price of Phosphoric Acid, steam and power have mainly contributed towards higher cost of production. Feed and fuel gas prices remain high which could not be passed on to the customers.

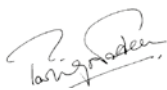
The Company suffered exchange loss of Rs. 425 million during the half year ended June 30, 2018 due to devaluation of Pak Rupee. Other income mainly includes GoP subsidy on Urea sales, income from investment with financial institutions and dividends. Net loss after tax, as a result of above factors stood at Rs. 994 million against loss of Rs. 384 million in the corresponding period. Company's loss per share for six months ended June 30, 2018 stood at Rs. (1.06) against Re. (0.41) loss in the corresponding period.

PMP produced 151 Kt of P_2O_5 during the period and sold 105 Kt as against production of 217 Kt and sale of 205 Kt respectively in the corresponding period. The production variance is due to extended shutdown of Sulphuric Acid Plant due to unexpected repair of air blower steam turbine rotor. PMP suffered a net loss of USD 3.67 million for the period ended March 31, 2018 as against net profit of USD 0.74 million for the corresponding period. PMP has declared FFBL's share of dividend amounting to Rs. 507 million.

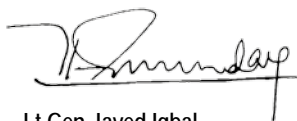
During the period under review, FFBL has subscribed to 150 million Ordinary shares of FML at par value of Rs. 10 per share. FFBL has also entered into a subordinated loan agreement with FML amounting to Rs. 3,500 million out of which Rs. 1,000 million has been disbursed as at June 30, 2018.

FFBL remains in close coordination with Ministry of Petroleum and SSGCL for continuous and improved supply of gas in future. The Company remains committed to provide quality product to its customers and get better results for its stakeholders through improved operational efficiency at all levels.

For and on behalf of the Board



Lt Gen Syed Tariq Nadeem Gilani
HI(M), (Retd)
Chairman



Lt Gen Javed Iqbal,
HI(M), (Retd)
Chief Executive & Managing Director

Islamabad
July 30, 2018

ڈائریکٹر کا تجزیہ (30 جون، 2018)

بورڈ آف ڈائریکٹرز کو 30 جون 2018 کو ختم ہونے والے نصف سال کے لیے کمپنی کی پیداواری اور مالیاتی کارکردگی کا مختصر جائزہ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

اس عرصے کے دوران پلانٹس کی مجموعی کارکردگی تسلی بخش رہی۔ کمپنی کو گیس کی فراہمی مختص کردہ کوٹہ سے کم رہی۔ گزشتہ سال گیس میں کمی کی شرح 8.5 فیصد تھی اس سال یہ اوسطاً 14.9 فیصد تک بڑھ گئی۔ ایف ایف بی ایل پاور کمپنی لمیٹڈ کے ذریعے FFBL کو فراہم کردہ بجلی اور بھاپ کی فراہمی کی وجہ سے کمپنی نے گیس کو ایندھن کی بجائے خام مال کے طور پر استعمال کیا جس سے پیداوار میں اضافہ ہوا۔ امونیا کی پیداوار 220 ہزار ٹن اور یوریا کی 256 ہزار ٹن بالترتیب 4 فیصد اور 16 فیصد زیادہ رہی جبکہ ڈی اے پی کی پیداوار 331 ہزار ٹن رہی جو گزشتہ سال کی اسی مدت کے مقابلے میں 13 فیصد کم ہے۔ ڈی اے پی کی پیداوار فاسفورک ایسڈ کی عدم دستیابی کی وجہ (خراب موسم) شدید طوفان کی وجہ سے مراکشی بندرگاہوں کی بندش) سے کم رہی جس کی وجہ سے تقریباً 16 دن تک ڈی اے پی پلانٹ بند رہا اور اندازاً 20 دن تک بہت کم پیداوار حاصل ہوئی۔

30 جون 2018 کو ختم ہونے والے نصف سال کے دوران یوریا کی فروخت 255 ہزار ٹن ہوئی جو گزشتہ سال اسی مدت میں 198 ہزار ٹن فروخت کے مقابلے میں 29 فیصد اضافے کو ظاہر کرتی ہے۔ اس عرصے کے دوران ڈی اے پی کی فروخت 208 ہزار ٹن تھی جو گزشتہ سال اسی مدت کے 264 ہزار ٹن فروخت کے مقابلے میں 21 فیصد کم رہی۔

سال 2018 کا آغاز مثبت انداز میں ہوا اور اس کے ساتھ مارکیٹ میں متوازن فراہمی کی صورت حال پیدا ہو گئی۔ سال کی دوسری سہ ماہی کے دوران پانی کی کمی نے کھاد کی کھپت کو متاثر کیا لیکن کھاد کی قیمت میں ہونے والے اضافے نے ڈیلروں کی خریداری میں دلچسپی برقرار رکھی۔ اس کے نتیجے میں ڈیلروں کے پاس ذخیرے کی وافر مقدار جمع ہو گئی جس نے مارکیٹ کی قیمتوں کو ڈیلر کی قیمت خرید کے قریب کر دیا۔

سال کی دوسری سہ ماہی کے دوران امریکی ڈالر کی قدر میں اضافہ اور بڑھتے ہوئے افراط زر کے اثرات اور کئی دیگر عوامل نے کھاد تیار کرنے والی کمپنیوں کو اپنی کاروباری استعداد کو یقینی بنانے کے لیے قیمتوں میں اضافہ کرنے پر مجبور کر دیا۔ علاوہ ازیں، یکم جولائی 2018 سے سبسڈی کی واپسی اور یوریا پر جی ایس ٹی کی ایڈجسٹمنٹ کے حکومت پاکستان کے اعلان نے خریداری کو تیز کر دیا کیونکہ ڈیلروں کو قیمتوں میں اضافہ ہونے کی توقع تھی۔

30 جون 2018 کو ختم ہونے والے نصف سال کے دوران یوریا مارکیٹ عمومی طور پر مستحکم رہی۔ اس عرصے کے دوران یوریا کی پیداوار کا اندازہ 2,640 ہزار ٹن لگایا گیا جو پچھلے سال کی اسی مدت کے دوران 2,861 ہزار ٹن پیداوار کے مقابلے میں 8 فیصد کم ہے۔ مقامی مارکیٹ میں یوریا کی فروخت کا اندازہ 2,715 ہزار ٹن لگایا گیا جو پچھلے سال اسی مدت کے دوران اسی طرز پر تھا۔ زیر جائزہ عرصہ کے دوران انڈسٹری نے 76 ہزار ٹن یوریا برآمد کیا تھا۔ 30 جون 2018 کو اندازاً 120 ہزار ٹن یوریا کا ذخیرہ موجود تھا۔

مقامی مارکیٹ میں فاسفیٹ مصنوعات کی قیمت میں تیزی کے رجحان کے سبب ڈیلر حضرات سرمایہ کاری کی طرف راغب ہوئے۔ تاہم، پانی کی قلت اور ڈی اے پی کی بلند قیمت نے کاشتکاروں کی کھپت کو متاثر کیا۔ مذکورہ سال کا آغاز 255 ہزار ٹن کی تعداد سے ہوا جو سال 2017 کے آغاز کی تعداد کی نسبت 144 فیصد زیادہ تھا۔ جنوری تا جون 2018 کے دوران ڈی اے پی کی ملکی فروخت کا تخمینہ 685 ہزار ٹن ہے جو گزشتہ سال اسی مدت کے دوران 591 ہزار ٹن کے مقابلے میں 16 فیصد زیادہ ہے۔ انڈسٹری میں سال 2018 کی دوسری ششماہی کے آغاز میں اندازاً 585 ہزار ٹن کا ذخیرہ موجود ہے۔

جنوری تا جون 2018 کے دوران مقامی مارکیٹ میں FFBL کا یوریا اور ڈی اے پی کا حصہ بالترتیب 10 فیصد اور 30 فیصد رہا۔

30 جون 2018 کو ختم ہونے والے نصف سال کے لیے FFBL کے مالیاتی نتائج 1416 ملین روپے کا مجموعی منافع ظاہر کرتی ہیں جبکہ گزشتہ سال اسی مدت کے دوران مجموعی منافع 289 ملین تھا۔ اس کی بنیادی وجوہات میں قیمت فروخت میں اضافہ اور یوریا کے فروخت کا زیادہ حجم شامل ہے۔

سال 2018 میں دیگر آمدن میں 315 ملین روپے کی سبسڈی کی درجہ بندی سے مجموعی منافع میں اضافہ ہوا جبکہ گزشتہ سال 2,199 ملین روپے کی سبسڈی دیگر آمدن میں شامل تھی۔ فاسفورک ایسڈ، بھاپ اور بجلی کی قیمت میں اضافہ پیداوار کی زیادہ قیمت کا باعث بنا ہے۔ فیڈ اور ایندھن کی گیس کی قیمتوں میں اضافہ برقرار رہا جو کہ صارفین کو منتقل نہ کیا جاسکا۔

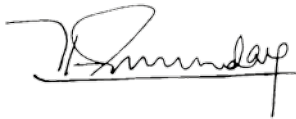
کمپنی کو پاکستانی روپے کی قدر میں کمی کے باعث 30 جون، 2018 کو نصف سال کے دوران 425 ملین روپے کا نقصان ہوا۔ دیگر آمدنی میں حکومت پاکستان کی یوریا کی فروخت پر سبسڈی، مالیاتی اداروں میں سرمایہ کاری اور ڈیویڈنڈ سے ہونے والی آمدنی شامل ہے۔ مندرجہ بالا عوامل کے نتیجے میں ٹیکس کے بعد ہونے والا خالص نقصان 994 ملین روپے ہے جبکہ گزشتہ سال اسی مدت میں ہونے والا نقصان 384 ملین روپے تھا۔ 30 جون 2018 کو ختم ہونے والے چھ ماہ کے لیے کمپنی کا فیڈ سٹورکس نقصان 1.06 روپے ہے جبکہ گزشتہ سال اسی مدت میں نقصان 0.41 روپے فی ٹن سٹورکس تھا۔

PMP نے اس مدت کے دوران فاسفورک ایسڈ کی 151 ہزار ٹن پیداوار کی اور 105 ہزار ٹن فروخت کی جبکہ گزشتہ سال اسی مدت کے دوران پیداوار 217 ہزار ٹن اور فروخت 205 ہزار ٹن تھی۔ یہ پیداواری فرق سلفیورک ایسڈ پلانٹ کی بندش اور ایئر بلور اسٹیم ٹربائن روٹری غیر متوقع مرمت کی وجہ سے پیش آیا ہے۔ 31 مارچ، 2018 کو ختم ہونے والی مدت کے دوران PMP کو 3.67 ملین امریکی ڈالر کا خالص نقصان کا سامنا کرنا پڑا جبکہ گزشتہ سال اسی مدت کے دوران 0.74 ملین امریکی ڈالر کا خالص منافع حاصل ہوا تھا۔ PMP نے FFBL کے لیے منافع کے حصہ کا اعلان کیا ہے جو کہ 507 ملین روپے ہے۔

زیر جائزہ مدت کے دوران FFBL نے 10 روپے فی حصص کی قیمت پر FML کے 150 ملین کے عمومی حصص خریدے۔ FFBL نے FML کے ساتھ 3,500 ملین روپے کی مالیت کے مختص کردہ قرض کا معاہدہ بھی کیا جس میں سے 30 جون 2018 تک 1,000 ملین روپے کی ادائیگی کی جا چکی ہے۔

FFBL مستقبل میں گیس کے مسلسل اور بہتر فراہمی کے لیے وزارت پیٹرولیم اور SSGCL کے ساتھ قریبی رابطے میں ہے۔ کمپنی ہر سطح پر بہتر پیداواری کارکردگی کے ذریعے اپنے صارفین کو معیاری مصنوعات کی فراہمی اور اپنے شراکت داروں کیلئے بہتر نتائج کے حصول کیلئے پرعزم ہے۔

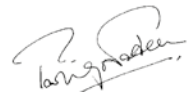
منجانب بورڈ



لیفٹیننٹ جنرل جاوید اقبال (ریٹائرڈ)

ہلال امتیاز (ملٹری)

چیف ایگزیکٹو مینجنگ ڈائریکٹر



لیفٹیننٹ جنرل سید طارق ندیم گیلانی (ریٹائرڈ)

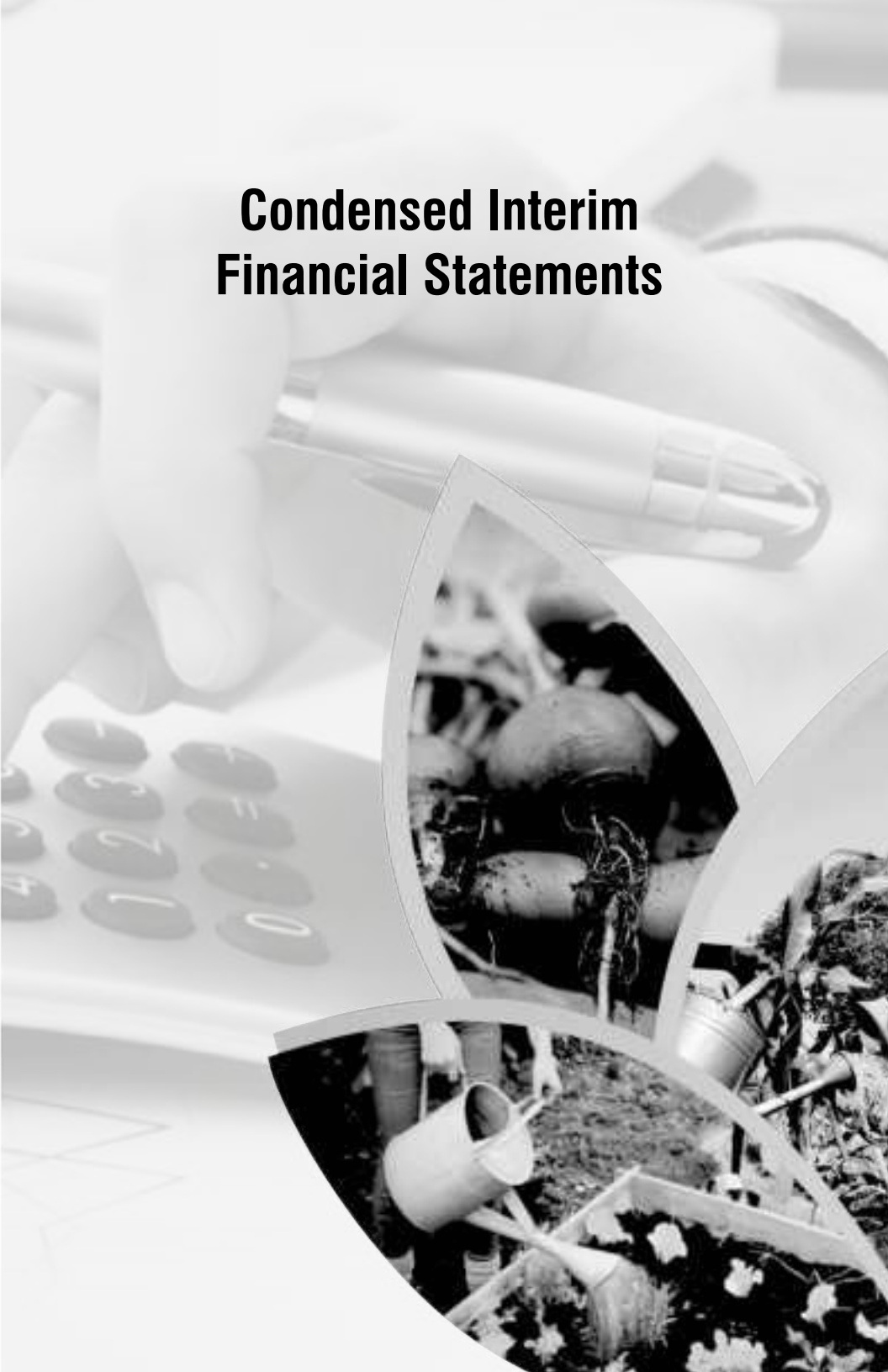
ہلال امتیاز (ملٹری)

چیئرمین

اسلام آباد

30 جولائی 2018

Condensed Interim Financial Statements



Auditor's Report to the Members on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Fauji Fertilizer Bin Qasim Limited as at 30 June 2018, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarter ended 30 June 2018 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income, and the related notes, have not been subject of our review and accordingly we have not expressed a conclusion on them.

The engagement partner on the audit resulting in this independent auditor's report is Farooq Hameed.



Ernst & Young Ford Rhodes
Chartered Accountants

Islamabad
Dated: August 16, 2018

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

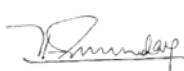
| | | June 30, 2018 (Un - audited) | December 31, 2017 (Audited) |
|-------------------------------|---|------------------------------------|-----------------------------------|
| Note | | (Rupees '000) | |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| | | 9,341,100 | 9,341,100 |
| | | 228,350 | 228,350 |
| | | 1,886,919 | 3,581,188 |
| | | 11,456,369 | 13,150,638 |
| NON-CURRENT LIABILITIES | | | |
| | 5 | 16,733,335 | 15,333,333 |
| | | 545,549 | 524,302 |
| | | 17,278,884 | 15,857,635 |
| CURRENT LIABILITIES | | | |
| | | 26,217,609 | 23,328,113 |
| | | 399,703 | 172,805 |
| | | 14,059,751 | 9,934,276 |
| | 5 | 4,791,666 | 3,208,333 |
| | | 45,468,729 | 36,643,527 |
| | | 74,203,982 | 65,651,800 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 6 | | |

The annexed notes, from 1 to 19, form an integral part of these condensed interim financial statements.

| | | June 30, 2018 (Un - audited) | December 31, 2017 (Audited) | |
|--------------------|-------------------------------------------|------------------------------------|-----------------------------------|------------|
| Note | | (Rupees '000) | | |
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| | Property, plant and equipment | 7 | 10,085,900 | 10,426,780 |
| | Long-term investments | 8 | 24,564,751 | 23,064,751 |
| | Long-term loans | 9 | 1,000,000 | - |
| | Long-term deposits | | 78,643 | 78,643 |
| | Deferred tax asset - net | 10 | 2,327,735 | 1,322,118 |
| | | | 38,057,029 | 34,892,292 |
| CURRENT ASSETS | | | | |
| | Stores and spares | | 2,613,230 | 2,745,198 |
| | Stock-in-trade | | 8,907,412 | 1,854,349 |
| | Trade debts | | 1,195,433 | 1,004,582 |
| | Advances | | 1,654,757 | 1,142,822 |
| | Trade deposits and short-term prepayments | | 91,843 | 62,006 |
| | Interest accrued | | 39,805 | 51,118 |
| | Current portion of long-term loans | 9 | - | 33,863 |
| | Other receivables | 11 | 5,806,776 | 4,030,390 |
| | Income tax refundable - net | | 1,256,030 | 615,257 |
| | Sales tax refundable | | 2,917,098 | 1,478,447 |
| | Short-term investments | 12 | 7,623,112 | 14,194,289 |
| | Cash and bank balances | | 4,041,457 | 3,547,187 |
| | | | 36,146,953 | 30,759,508 |
| | | | 74,203,982 | 65,651,800 |



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

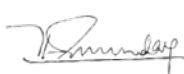
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

| | Note | Quarter ended June 30, | | Half year ended June 30, | |
|----------------------------------------------------|------|------------------------|------------------|--------------------------|------------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | (Rupees '000) | | (Rupees '000) | |
| Sales - net | | 8,645,541 | 7,555,769 | 18,928,401 | 15,554,528 |
| Cost of sales | 13 | (7,975,067) | (7,012,913) | (17,512,406) | (15,265,543) |
| Gross profit | | 670,474 | 542,856 | 1,415,995 | 288,985 |
| Selling and distribution expenses | | (987,084) | (1,107,128) | (1,922,597) | (2,024,286) |
| Administrative expenses | | (364,838) | (327,520) | (603,666) | (711,984) |
| | | (681,448) | (891,792) | (1,110,268) | (2,447,285) |
| Finance costs | | (497,856) | (444,582) | (917,128) | (921,957) |
| Other operating expenses | | (292,642) | (36,072) | (455,422) | (46,256) |
| | | (1,471,946) | (1,372,446) | (2,482,818) | (3,415,498) |
| Other income | 14 | 859,994 | 1,201,053 | 1,220,476 | 2,946,465 |
| Loss before taxation | | (611,952) | (171,393) | (1,262,342) | (469,033) |
| Taxation - net | 15 | 67,645 | (78,092) | 268,656 | 84,750 |
| Loss after taxation | | (544,307) | (249,485) | (993,686) | (384,283) |
| Loss per share - basic and diluted (Rupees) | | (0.58) | (0.27) | (1.06) | (0.41) |

The annexed notes, from 1 to 19, form an integral part of these condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

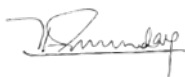
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

| | Quarter ended June 30, | | Half year ended June 30, | |
|---------------------------------|------------------------|------------------|--------------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | (Rupees '000) | | (Rupees '000) | |
| Loss after taxation | (544,307) | (249,485) | (993,686) | (384,283) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss | (544,307) | (249,485) | (993,686) | (384,283) |

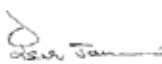
The annexed notes, from 1 to 19, form an integral part of these condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

| | Share capital | Capital reserve | Accumulated profit | Total |
|--------------------------------------------------------------|------------------|--------------------|-----------------------|------------|
| | (Rupees '000) | | | |
| Balance as at January 01, 2017 - audited | 9,341,100 | 228,350 | 3,187,608 | 12,757,058 |
| Total comprehensive income | | | | |
| Loss after taxation for the period | - | - | (384,283) | (384,283) |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive loss for the period | - | - | (384,283) | (384,283) |
| Transactions with owners, recorded directly in equity | | | | |
| Distributions to owners | | | | |
| Final dividend 2016 (Re. 0.5 per ordinary share) | - | - | (467,055) | (467,055) |
| Total transactions with owners | - | - | (467,055) | (467,055) |
| Balance as at June 30, 2017 | 9,341,100 | 228,350 | 2,336,270 | 11,905,720 |
| Balance as at January 01, 2018 - audited | 9,341,100 | 228,350 | 3,581,188 | 13,150,638 |
| Total comprehensive income | | | | |
| Loss after taxation for the period | - | - | (993,686) | (993,686) |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive loss for the period | - | - | (993,686) | (993,686) |
| Transactions with owners, recorded directly in equity | | | | |
| Distributions to owners | | | | |
| Final dividend 2017 (Re. 0.75 per ordinary share) | - | - | (700,583) | (700,583) |
| Total transactions with owners | - | - | (700,583) | (700,583) |
| Balance as at June 30, 2018 | 9,341,100 | 228,350 | 1,886,919 | 11,456,369 |

The annexed notes, from 1 to 19, form an integral part of these condensed interim financial statements.



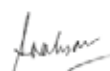
CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

| | Note | 2018 (Rupees '000) | 2017 |
|-----------------------------------------------------------------------------------------------------------------------------------|------|-----------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash used in operating activities | 16 | (7,776,743) | (18,156) |
| Income tax paid | | (1,377,736) | (1,406,990) |
| Adjustment to Gratuity Fund | | 318 | 2,120 |
| Finance costs paid | | (690,230) | (1,182,957) |
| Compensated absences paid | | (15,041) | (45,334) |
| (Payment) / Receipt from Workers' (Profit) Participation Fund | | (43,328) | 11,296 |
| Net cash used in operating activities | | (9,902,760) | (2,640,021) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditures | | (481,017) | (302,624) |
| Long-term investments | | (1,500,000) | (975,000) |
| Sale proceeds from disposal of property, plant and equipment | | 13,787 | 9,090 |
| Dividend received | | 18,750 | 529,221 |
| Short-term investments | | (799,387) | 601,420 |
| Long-term loan (disbursed)/ recovered | | (966,137) | 11,287 |
| Profit received on bank balances, term deposits and subordinated loans | | 228,183 | 219,319 |
| Net cash (used in) / generated from investing activities | | (3,485,821) | 92,713 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Deferred Government assistance | | - | (648,200) |
| Long-term financing payment | | (1,416,665) | (3,416,667) |
| Long-term financing receipt | | 4,400,000 | 2,000,000 |
| Short-term borrowings - net | | 670,000 | (2,731,285) |
| Dividend paid | | (695,959) | (463,904) |
| Net cash generated from / (used in) financing activities | | 2,957,376 | (5,260,056) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (10,431,205) | (7,807,364) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | | 9,347,911 | 9,930,399 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | | (1,083,294) | 2,123,035 |
| CASH AND CASH EQUIVALENTS | | | |
| Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts: | | | |
| - Cash and bank balances | | 4,041,457 | 4,592,667 |
| - Short-term highly liquid investments | 12 | 2,700,000 | 3,463,890 |
| - Short-term running finance | | (7,824,751) | (5,933,522) |
| | | (1,083,294) | 2,123,035 |

The annexed notes, from 1 to 19, form an integral part of these condensed interim financial statements.



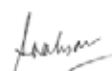
CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2018

1. THE COMPANY AND ITS OPERATIONS

Fauji Fertilizer Bin Qasim Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). The shares of the Company are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at FFBL Tower, C1/C2, Sector B, Jinnah Boulevard, DHA II, Islamabad. The principal objective of the Company is manufacturing, purchasing and marketing of fertilizers. The Company commenced its commercial production on January 1, 2000.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

As a result of the promulgation of the Companies Act, 2017, the nomenclature for the statements presenting the financial position, performance and cash flows of the Company have been changed; from Balance Sheet, Profit and Loss Account and Cash Flow Statement to Statement of Financial Position, Statement of Profit or Loss and Statement of Cash Flows, respectively.

The disclosures in these condensed interim financial statements do not include the information reported for complete annual financial statements and should therefore be read in conjunction with the financial statements for the year ended December 31, 2017. The comparative Statement of Financial Position is extracted from the annual financial statements, as of December 31, 2017, whereas the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity are extracted from the un-audited condensed interim financial statements, for the half year ended June 30, 2017.

These condensed interim financial statements are unaudited and are being submitted to the members, as required under Section 237 of the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2017. The condensed interim consolidated financial statements of the Company are prepared separately.

In these condensed interim financial statements, the investments in subsidiaries and associates are accounted for on the basis of direct equity interest at cost, rather than on the basis of reported results.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are similar to those applied in the preparation of the financial statements for the preceding year, ended December 31, 2017.

4. The status of significant shareholdings, as at June 30, 2018, are given below:

| | Shares | Percentage |
|----------------------------------|------------------------------------|-----------------------------------|
| Fauji Fertilizer Company Limited | 465,891,896 | 49.88 |
| Fauji Foundation | 170,842,386 | 18.29 |
| | June 30, 2018 (Un - audited) | December 31, 2017 (Audited) |
| | (Rupees '000) | |

5. LONG-TERM LOANS

| | | |
|-------------------------------------------------------|------------|------------|
| Loans from banking companies-secured | 21,525,001 | 18,541,666 |
| Less: Current portion shown under current liabilities | 4,791,666 | 3,208,333 |
| | 16,733,335 | 15,333,333 |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2018**

| | | June 30, 2018 (Un - audited) | December 31, 2017 (Audited) |
|------------------------------------------------------------------------|-------|------------------------------------|-----------------------------------|
| | Note | (Rupees '000) | |
| 6. CONTINGENCIES AND COMMITMENTS | | | |
| Contingencies | | | |
| i) Guarantees issued by banks on behalf of the Company | | 60,992 | 37,021 |
| Commitments | | | |
| i) Capital expenditure - contracted | | 1,930,551 | 1,526,145 |
| ii) Letters of credit for purchase of stores, spares and raw materials | | 971,393 | 895,587 |
| 7. PROPERTY, PLANT AND EQUIPMENT | | | |
| Opening written down value | | 10,426,780 | 11,298,191 |
| Additions during the period / year | | 481,017 | 760,076 |
| Cost of disposals during the period / year | | (29,743) | (160,559) |
| Depreciation charged during the period / year | | (808,716) | (1,600,412) |
| Accumulated depreciation on disposals during the period / year | | 16,562 | 129,484 |
| | | <u>10,085,900</u> | <u>10,426,780</u> |
| 8. LONG-TERM INVESTMENTS | | | |
| Joint venture | 8.1 | 1,411,150 | 1,411,150 |
| Associated companies | 8.2 | 7,991,556 | 7,991,556 |
| Subsidiary companies | 8.3 | 15,162,045 | 13,662,045 |
| Other long-term investments | 8.4 | - | - |
| | | <u>24,564,751</u> | <u>23,064,751</u> |
| 8.1 Investment in joint venture - at cost | | | |
| Pakistan Maroc Phosphore S.A, Morocco (PMP) | | <u>1,411,150</u> | <u>1,411,150</u> |
| 8.2 Investments in associates - at cost | | | |
| Quoted | | | |
| Fauji Cement Company Limited (FCCL) | | 300,000 | 300,000 |
| Askari Bank Limited (AKBL) | | 5,230,991 | 5,230,991 |
| Un-quoted | | | |
| Foundation Wind Energy - I Limited (FWE-I) | | 1,225,873 | 1,225,873 |
| Foundation Wind Energy - II (Private) Limited (FWE-II) | | 1,234,692 | 1,234,692 |
| | | <u>7,991,556</u> | <u>7,991,556</u> |
| 8.3 Investments in subsidiaries - at cost | | | |
| Quoted | | | |
| Fauji Foods Limited (FFL) | | | |
| Voting Shares | 8.3.1 | 4,672,902 | 3,920,805 |
| Non-voting Shares | | - | 752,097 |
| | | <u>4,672,902</u> | <u>4,672,902</u> |
| Un-quoted | | | |
| Fauji Meat Limited (FML) | | | |
| Shares | 8.3.2 | 2,250,000 | 2,250,000 |
| Share deposit money | | 1,500,000 | - |
| | | <u>3,750,000</u> | <u>2,250,000</u> |
| FFBL Foods Limited | | 298,518 | 298,518 |
| FFBL Power Company Limited (FPCL) | | 6,440,625 | 6,440,625 |
| | | <u>15,162,045</u> | <u>13,662,045</u> |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2018

- 8.3.1 Pursuant to approval in Annual General Meeting of the Fauji Foods Limited (FFL) held on March 26, 2018, voting and non-voting shares classes of FFL have been consolidated. There has been no change in the Company's effective holding after the consolidation of share classes.
- 8.3.2 Pursuant to approval in Extra Ordinary General Meeting of the Company, held on May 23, 2018, the Company has subscribed to a right issue of FML, consisting of 150 million shares of Rs. 10 each, including 37.5 million shares renounced by the other shareholder.

| | | June 30, 2018 (Un - audited) | December 31, 2017 (Audited) |
|-------------------------------------------------------|------|------------------------------------|-----------------------------------|
| | Note | (Rupees '000) | |
| 8.4 Investment - available for sale - unquoted | | | |
| Arabian Sea Country Club Limited (ASCL) | | | |
| 300,000 ordinary shares of Rs. 10 each | | 3,000 | 3,000 |
| Less: Impairment in value of investment | | 3,000 | 3,000 |
| | | - | - |
| 9. LONG-TERM LOANS | | | |
| Fauji Meat Limited (FML) | 9.1 | 1,000,000 | - |
| Foundation Wind Energy-I Limited (FWE-I) | 9.2 | - | 26,775 |
| Foundation Wind Energy-II (Private) Limited (FWE-II) | 9.2 | - | 7,088 |
| | | 1,000,000 | 33,863 |
| Less: Current portion shown under current assets | | - | 33,863 |
| | | 1,000,000 | - |

- 9.1 During the period, the Company provided Rs. 1,000 million as Subordinated Loan to Fauji Meat Limited, a subsidiary company, out of total approved limit of Rs. 3,500 million. The loan carries mark-up at the rate which is higher of the Company's borrowing cost or KIBOR for the relevant period plus 0.5%, per annum, on the terms set out in the agreement and in compliance with the requirements of section 199 of Companies Act, 2017.
- 9.2 During the year 2016, the Company provided Rs. 45.15 million as Subordinated Loans and Guarantee Facilities to Foundation Wind Energy-I Limited and Foundation Wind Energy-II (Pvt) Limited, at three months KIBOR + 2% per annum, on the terms set out in the respective agreements. During the period, the loans have been settled.

| | | June 30, 2018 (Un - audited) | December 31, 2017 (Audited) |
|----------------------------------------------------------------------------------------------------------|--|------------------------------------|-----------------------------------|
| | | (Rupees '000) | |
| 10. DEFERRED TAXATION - NET | | | |
| The balance of deferred tax is in respect of the following (taxable) / deductible temporary differences: | | | |
| Accelerated tax depreciation | | (1,595,445) | (1,898,337) |
| Provision for inventory obsolescence | | 28,610 | 37,917 |
| Provision against doubtful other receivables | | 53,177 | 59,086 |
| Accrued liabilities and payables | | 3,841,393 | 3,123,452 |
| | | 2,327,735 | 1,322,118 |

11. OTHER RECEIVABLES

This includes an amount of Rs. 2,245 million (December 31, 2017: Rs. 910 million) receivable from Fauji Fertilizer Company Limited, an associated company, on account of amounts received from customers against sales of the Company's products by FFCL under an inter-company services agreement.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

| | June 30, 2018 (Un - audited) | December 31, 2017 (Audited) |
|---------------------------------------------------------|------------------------------------|-----------------------------------|
| | (Rupees '000) | |
| 12. SHORT-TERM INVESTMENTS | | |
| Loans and receivables | | |
| Term deposits with banks and financial institutions | 2,700,000 | 11,170,000 |
| Investments at fair value through profit or loss | | |
| Mutual funds | 4,923,112 | 3,024,289 |
| | <u>7,623,112</u> | <u>14,194,289</u> |

12.1 The balance at the period end includes investment in term deposits, having maturity periods up to 3 months and carrying mark-up between 5.75% to 9.15% per annum (December 31, 2017: 5.00% to 9.15% per annum). The Company provided sponsor support in form of cash lien of Rs. 1,500 million to financial institutions to secure working capital line, on behalf of Fauji Meat Limited which has been released during the period.

| | (Un - audited) Quarter ended June 30, 2018 2017 (Rupees '000) | | (Un - audited) Half year ended June 30, 2018 2017 (Rupees '000) | |
|-------------------------------------------------|-----------------------------------------------------------------------------|------------------|-------------------------------------------------------------------------------|-------------------|
| 13. COST OF SALES | | | | |
| Raw materials consumed | 8,856,490 | 8,634,073 | 16,017,174 | 14,535,983 |
| Packing materials consumed | 184,684 | 167,338 | 324,291 | 264,103 |
| Fuel and power | 2,576,305 | 1,787,297 | 4,693,229 | 2,583,817 |
| Chemicals and supplies consumed | 50,695 | 57,253 | 100,635 | 97,281 |
| Salaries, wages and benefits | 442,218 | 379,550 | 589,173 | 771,865 |
| Rent, rates and taxes | 28,000 | 6,403 | 42,390 | 12,598 |
| Insurance | 17,784 | 16,807 | 35,250 | 32,359 |
| Travel and conveyance | 32,238 | 31,815 | 61,556 | 57,991 |
| Repairs and maintenance | 167,171 | 171,170 | 895,737 | 768,561 |
| Communication, establishment and other expenses | 32,986 | 45,085 | 58,891 | 82,801 |
| Depreciation | 354,785 | 345,098 | 706,665 | 687,919 |
| Opening stock - work in process | 23,069 | 41,689 | 103,812 | 80,055 |
| Closing stock - work in process | (56,192) | (30,008) | (56,192) | (30,008) |
| Cost of goods manufactured | 12,710,233 | 11,653,570 | 23,572,611 | 19,945,325 |
| Opening stock - finished goods | 1,508,041 | 1,177,052 | 183,002 | 1,137,927 |
| Closing stock - finished goods | (6,243,207) | (5,817,709) | (6,243,207) | (5,817,709) |
| Cost of sales | <u>7,975,067</u> | <u>7,012,913</u> | <u>17,512,406</u> | <u>15,265,543</u> |
| 14. OTHER INCOME | | | | |
| Profit on bank balances and term deposits | 87,867 | 87,988 | 203,756 | 193,418 |
| Gain / Dividend from mutual funds | 56,079 | 30,279 | 99,436 | 86,192 |
| Dividend from FCCL | 18,750 | - | 18,750 | - |
| Dividend from PMP | 507,084 | - | 507,084 | - |
| Dividend from AKBL | - | - | - | 407,826 |
| Subsidy income on DAP | - | 541,917 | - | 1,581,534 |
| Subsidy income on Urea | 141,328 | 500,937 | 314,619 | 617,281 |
| Interest on sub-ordinated loans-FWE I & FWE II | 93 | 1,057 | 507 | 1,805 |
| Interest on sub-ordinated loans-FML | 2,439 | - | 2,439 | - |
| Scrap sale and other receipts | 26,127 | 18,694 | 41,195 | 32,930 |
| Gain on sale of property, plant & equipment | 218 | 7,190 | 606 | 9,090 |
| Guarantee Fee - FWE I & FWE II | 2,061 | 3,436 | 4,100 | 6,834 |
| Guarantee Fee - FML | 2,764 | - | 6,068 | - |
| Others | 15,184 | 9,555 | 21,916 | 9,555 |
| | <u>859,994</u> | <u>1,201,053</u> | <u>1,220,476</u> | <u>2,946,465</u> |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2018

| | (Un - audited) Quarter ended June 30, | | (Un - audited) Half year ended June 30, | |
|--|------------------------------------------|------|--------------------------------------------|------|
| | 2018 | 2017 | 2018 | 2017 |
| | (Rupees '000) | | (Rupees '000) | |

15. TAXATION - NET

| | | | | |
|--------------|-----------------|---------------|------------------|-----------------|
| Current tax | 464,709 | 658,411 | 736,963 | 860,581 |
| Deferred tax | (532,354) | (580,319) | (1,005,619) | (945,331) |
| | <u>(67,645)</u> | <u>78,092</u> | <u>(268,656)</u> | <u>(84,750)</u> |

16. CASH USED IN OPERATIONS

| | | | |
|---------------------------------------------------------|--|--------------------|------------------|
| Loss before taxation | | (1,262,342) | (469,033) |
| Adjustment for non-cash charges and other items: | | | |
| Provision for gratuity | | 30,208 | 45,176 |
| Exchange losses | | 424,822 | 732 |
| Provision for compensated absences | | 36,288 | 49,579 |
| Provision for Workers' Welfare Fund | | 26,843 | 43,805 |
| Depreciation | | 808,716 | 794,612 |
| Finance costs | | 917,128 | 921,957 |
| Dividend from joint venture | | (507,084) | - |
| Profit on bank balances and term deposits | | (303,192) | (279,610) |
| Dividend from associates | | (18,750) | (407,826) |
| Gain on disposal of property, plant and equipment | | (606) | (9,090) |
| Mark-up on sub-ordinated loans | | (2,946) | (1,805) |
| Guarantee Fee | | (10,168) | (6,834) |
| Operating profit before working capital changes | | 138,917 | 681,663 |
| Changes in working capital | | | |
| Stores and spares | | 131,968 | 95,811 |
| Stock-in-trade | | (7,053,063) | (5,116,997) |
| Trade debts | | (190,851) | 1,583,382 |
| Advances | | (511,935) | 23,134 |
| Trade deposits and short-term prepayments | | (29,837) | (18,772) |
| Other receivables | | (1,269,302) | (183,257) |
| Sales tax refundable | | (1,438,651) | (62,937) |
| Trade and other payables | | 2,446,011 | 2,979,817 |
| | | <u>(7,915,660)</u> | <u>(699,819)</u> |
| Cash used in operations | | <u>(7,776,743)</u> | <u>(18,156)</u> |

17. RELATED PARTY TRANSACTIONS

Fauji Fertilizer Company Limited (FFCL) has a 49.88% share holding in FFBL (2017: 49.88%). while Fauji Foundation (FF) holds 18.29% shares (2017: 18.29%) in the Company. The Company has related parties, which comprise of a joint venture, the Fauji group entities, directors, key management personnel and employees' funds. Transactions with related parties and the balances outstanding at the period end are given below. The carrying values of investments in subsidiaries, associates and the joint venture are disclosed in note 8 to these condensed interim financial statements.

| | Half year ended June 30, | |
|-------------------------------------------|--------------------------|--------|
| | 2018 | 2017 |
| | (Rupees '000) | |
| Transactions with Fauji Foundation | | |
| Dividend paid | 128,132 | 85,421 |
| Donation paid and services provided | 4,193 | 21,830 |

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

| | Half year ended June 30, | |
|-------------------------------------------------------------------------|--------------------------|------------|
| | 2018 | 2017 |
| | (Rupees '000) | |
| Transactions with subsidiary companies | | |
| Investments in Fauji Meat Limited (FML) | 1,500,000 | - |
| Investments in FFBL Power Company Limited (FPCL) | - | 975,000 |
| Material / services provided to FFBL Power Company Limited (FPCL) | 228,008 | 283,094 |
| Material / services provided to Fauji Foods Limited (FFL) | 28,195 | 37,958 |
| Services provided to Fauji Meat Limited (FML) | 2,607 | 20,078 |
| Material received from FFBL Power Company Limited (FPCL) | 4,289,054 | 1,426,771 |
| Services provided to FFBL Foods Limited | 147 | (1,236) |
| Guarantee Fee and mark-up on sub-ordinated loan from Fauji Meat Limited | 8,507 | - |
| Balance payable to FFBL Power Company Limited (FPCL) | 790,328 | 555,991* |
| Balance receivable from Fauji Meat Limited (FML) | - | 2,310* |
| Balance receivable from FFBL Power Company Limited (FPCL) | 79,571 | 160,166* |
| Balance receivable from FFBL Foods Limited | - | 283* |
| Transactions with associates | | |
| Services and material acquired | 517,748 | 602,436 |
| Services and material provided | 3,085 | - |
| Receipts under consignment account (FFCL) | 12,107,203 | 18,824,200 |
| Commission charged to the Company | 9,272 | 9,234 |
| Dividend paid | 349,419 | 232,946 |
| Profit on bank balances (AKBL) | 40,476 | 21,700 |
| Long-term loans (AKBL) | 500,000 | - * |
| Mark-up on long-term loans (AKBL) | 9,188 | - |
| Investments in mutual funds & TDR's with AKBL | - | 50,000* |
| Income from TDR's with AKBL | - | 786 |
| Interest and Guarantee Fee from FWE-I and FWE-II | 4,607 | 8,639 |
| Transactions with Fauji Foundation Hospital | 108 | - |
| Transactions with Foundation Gas | 343 | - |
| Balance receivable at the period end - unsecured (FFCL) | 2,244,773 | 910,300* |
| Balances at bank (AKBL) | 761,061 | 958,310* |
| Transactions with joint venture | | |
| Purchase of raw materials | 12,635,762 | 10,828,404 |
| Expenses incurred on behalf of joint venture | 6,699 | 7,206 |
| Balance payable at the period end - secured | 6,633,545 | 4,105,955* |
| Balance receivable at the period end - unsecured | 515,440 | 6,854* |
| Other related parties: | | |
| Contribution to Provident Fund | 28,839 | 35,087 |
| Contribution to Gratuity Fund | 30,208 | 45,176 |
| Adjustment to Gratuity Fund | (318) | (2,120) |
| Payment to / (Receipt from) Workers' (Profit) Participation Fund & WWF | 43,328 | (11,295) |
| Remuneration of key management personnel | 208,705 | 242,396 |
| Balance payable - unsecured (WWF and WPPF) | 1,325,534 | 1,342,019* |
| Payable to Gratuity Fund | 108,015 | 77,489* |

* These balance of accounts appearing as comparatives are as at December 31, 2017 (audited).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2018

18. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

18.1 Financial risk factors

The Company's activities expose it to a variety of financial risks including market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

There have been no changes in the risk management policies during the period; consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

18.2 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (level 3).

| | Level 1 | Level 2 | Level 3 |
|-------------------------------------------------------|---------------|---------|---------|
| | (Rupees' 000) | | |
| June 2018 - un-audited | | | |
| ASSETS | | | |
| Financial assets at fair value through profit or loss | | | |
| - Short-term investments | 4,923,112 | - | - |
| December 2017 - audited | | | |
| ASSETS | | | |
| Financial assets at fair value through profit or loss | | | |
| - Short-term investments | 3,024,289 | - | - |


19. GENERAL

19.1 Figures have been rounded off to the nearest thousand rupees.

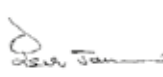
19.2 These condensed interim financial statements were authorized for issue on July 30, 2018 by the Board of Directors of the Company.



CHAIRMAN



CHIEF EXECUTIVE

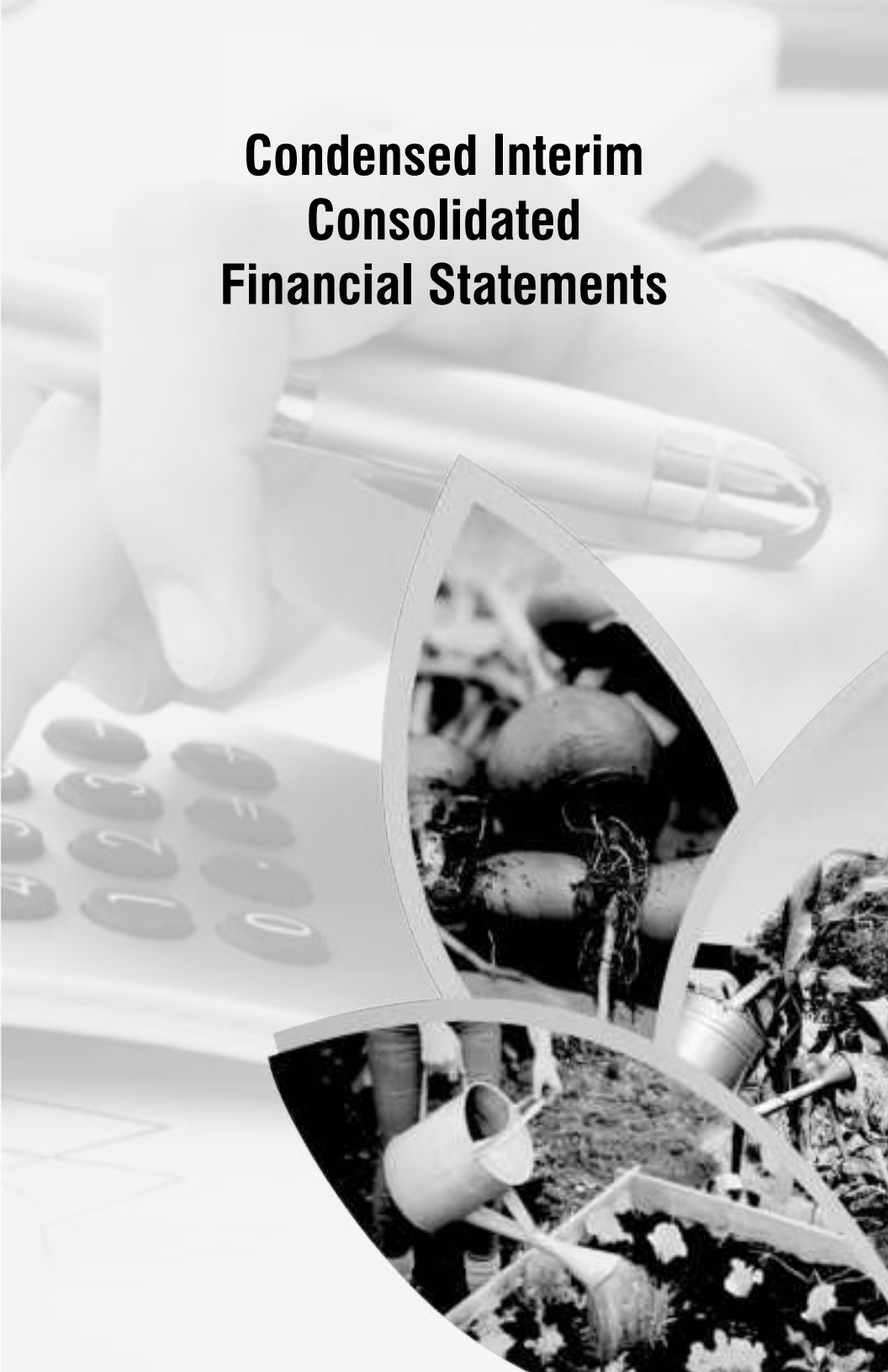


DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Financial Statements



CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

| | | June 30, 2018 (Un - audited) | December 31, 2017 (Audited) |
|--------------------------------------------|---|------------------------------------|-----------------------------------|
| Note | | (Rupees '000) | |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| | | 9,341,100 | 9,341,100 |
| | | 228,350 | 228,350 |
| | | (268,556) | 33,856 |
| | | 926,020 | 821,150 |
| | | 1,398,012 | 824,699 |
| | | 1,984,286 | 3,959,623 |
| | | 13,609,212 | 15,208,778 |
| Non-Controlling Interest | | 4,293,467 | 4,765,782 |
| | | 17,902,679 | 19,974,560 |
| NON-CURRENT LIABILITIES | | | |
| Long-term loans | 5 | 40,808,908 | 41,052,214 |
| Finance Lease Liability | | 83,795 | 103,054 |
| Deferred liabilities | | 591,941 | 549,047 |
| | | 41,484,644 | 41,704,315 |
| CURRENT LIABILITIES AND PROVISIONS | | | |
| Trade and other payables | | 29,291,538 | 26,314,126 |
| Accrued Interest | | 601,123 | 335,601 |
| Short-term borrowings | | 19,904,274 | 15,674,197 |
| Current portion of long-term loans | 5 | 8,012,348 | 6,298,979 |
| Current portion of finance lease liability | | 39,648 | 38,583 |
| | | 57,848,931 | 48,661,486 |
| | | 117,236,254 | 110,340,361 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 6 | | |

The annexed notes, from 1 to 20, form an integral part of these condensed interim consolidated financial statements.

| | June 30, 2018 (Un - audited) | December 31, 2017 (Audited) |
|------|------------------------------------|-----------------------------------|
| Note | (Rupees '000) | |

ASSETS

NON-CURRENT ASSETS

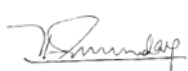
| | | | |
|-------------------------------|---|-------------------|-------------------|
| Property, plant and equipment | 7 | 50,078,473 | 50,289,228 |
| Intangible assets | | 384,364 | 383,689 |
| Long-term investments | 8 | 15,701,725 | 15,699,061 |
| Long-term deposits | | 79,066 | 79,587 |
| Deferred tax asset - net | 9 | 2,394,036 | 1,749,630 |
| | | 68,637,664 | 68,201,195 |

CURRENT ASSETS

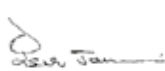
| | | | |
|-------------------------------------------|----|--------------------|--------------------|
| Stores and spares | | 2,920,602 | 2,924,557 |
| Stock-in-trade | | 11,479,257 | 3,834,867 |
| Trade debts | | 3,069,566 | 2,254,962 |
| Advances | | 1,887,311 | 1,476,932 |
| Current portion of long-term loans | 10 | - | 33,863 |
| Trade deposits and short-term prepayments | | 333,969 | 217,041 |
| Interest accrued | | 38,228 | 55,465 |
| Other receivables | 11 | 6,557,226 | 4,550,546 |
| Income tax refundable - net | | 2,568,322 | 1,703,255 |
| Sales tax refundable | | 4,077,360 | 2,531,576 |
| Short-term investments | 12 | 9,023,112 | 17,094,289 |
| Cash and bank balances | | 6,643,637 | 5,461,813 |
| | | 48,598,590 | 42,139,166 |
| | | 117,236,254 | 110,340,361 |



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

| | Note | Quarter ended June 30, | | Half year ended June 30, | |
|----------------------------------------------------|------|------------------------|------------------|--------------------------|--------------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | (Rupees '000) | | (Rupees '000) | |
| Sales - net | | 13,091,511 | 9,552,736 | 27,115,806 | 19,208,065 |
| Cost of sales | 13 | (10,597,271) | (8,235,012) | (22,571,471) | (18,109,216) |
| Gross profit | | 2,494,240 | 1,317,724 | 4,544,335 | 1,098,849 |
| Selling and distribution expenses | | (1,577,192) | (1,662,203) | (3,061,782) | (3,002,938) |
| Administrative expenses | | (546,831) | (474,619) | (952,921) | (1,007,177) |
| | | 370,217 | (819,098) | 529,632 | (2,911,266) |
| Finance costs | | (1,185,958) | (889,602) | (2,260,366) | (1,550,935) |
| Other operating expenses | | (557,089) | (48,207) | (759,900) | (65,549) |
| | | (1,372,830) | (1,756,907) | (2,490,634) | (4,527,750) |
| Other income | 14 | | | | |
| Share of profit of joint venture & associates-net | | 107,496 | 269,538 | 310,964 | 718,200 |
| Others | | 369,012 | 1,222,897 | 792,902 | 2,570,329 |
| | | 476,508 | 1,492,435 | 1,103,866 | 3,288,529 |
| Loss before taxation | | (896,322) | (264,472) | (1,386,768) | (1,239,221) |
| Taxation - net | 15 | (332,110) | (209,170) | (255,430) | 33,339 |
| Loss after taxation | | (1,228,432) | (473,642) | (1,642,198) | (1,205,882) |
| Attributable to: | | | | | |
| - Owners of the holding Company | | (928,278) | (89,410) | (1,169,883) | (494,249) |
| - Non-controlling interest | | (300,154) | (384,232) | (472,315) | (711,633) |
| | | (1,228,432) | (473,642) | (1,642,198) | (1,205,882) |
| Loss per share - basic and diluted (Rupees) | | (0.99) | (0.10) | (1.25) | (0.53) |

The annexed notes, from 1 to 20, form an integral part of these condensed interim consolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

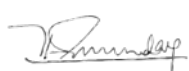
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

| | Quarter ended June 30, | | Half year ended June 30, | |
|-------------------------------------------------------|------------------------|-----------|--------------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| | (Rupees '000) | | (Rupees '000) | |
| Loss after taxation | (1,228,432) | (473,642) | (1,642,198) | (1,205,882) |
| Other comprehensive income | | | | |
| Exchange difference on translating a joint venture | 279,094 | 62,689 | 567,792 | (100,244) |
| Effect of translation - share of Askari Bank Limited | 251 | 321 | 5,521 | 266 |
| Revaluation reserve on available for sale investments | (186,002) | 89,336 | (355,779) | (444,248) |
| Related deferred tax | 27,900 | (13,400) | 53,367 | 53,298 |
| | (158,102) | 75,936 | (302,412) | (390,950) |
| Total comprehensive loss | (1,107,189) | (334,696) | (1,371,297) | (1,696,810) |
| Attributable to: | | | | |
| - Owners of the holding Company | (807,035) | 49,536 | (898,982) | (985,177) |
| - Non-controlling interest | (300,154) | (384,232) | (472,315) | (711,633) |
| | (1,107,189) | (334,696) | (1,371,297) | (1,696,810) |

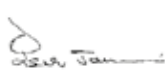
The annexed notes, from 1 to 20, form an integral part of these condensed interim consolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

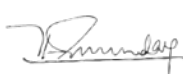
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2018

| | Reserves | | | | | | Non-controlling Interest | Total |
|--------------------------------------------------------------|------------------|-----------------|-------------------------------------------------------|-------------------|---------------------|-----------------------------|--------------------------|-------------------|
| | Share capital | Capital reserve | Revaluation reserve on available for sale investments | Statutory reserve | Translation reserve | Accumulated profit / (loss) | | |
| | (Rupees '000) | | | | | | | |
| Balance as at January 01, 2017 - audited | 9,341,100 | 228,350 | 705,043 | 577,799 | 683,133 | 2,934,171 | 3,454,533 | 17,924,129 |
| Total comprehensive income | | | | | | | | |
| Loss for the period after taxation | - | - | - | - | - | (494,249) | (711,633) | (1,205,882) |
| Other comprehensive loss for the period | - | - | (390,950) | - | (99,978) | - | - | (490,928) |
| Total comprehensive loss for the period | - | - | (390,950) | - | (99,978) | (494,249) | (711,633) | (1,696,810) |
| Transfer to statutory reserve | - | - | - | 110,610 | - | (110,610) | - | - |
| Transactions with owners, recorded directly in equity | | | | | | | | |
| Distributions to owners | | | | | | | | |
| Final dividend 2016 (Re. 0.5 per ordinary share) | - | - | - | - | - | (467,055) | - | (467,055) |
| Total transactions with owners | - | - | - | - | - | (467,055) | - | (467,055) |
| Change in ownership interest | | | | | | | | |
| Cash receipt from NCI acquired | - | - | - | - | - | - | 325,000 | 325,000 |
| Balance as at June 30, 2017 | <u>9,341,100</u> | <u>228,350</u> | <u>314,093</u> | <u>688,409</u> | <u>583,155</u> | <u>1,862,257</u> | <u>3,067,900</u> | <u>16,085,264</u> |
| Balance as at January 01, 2018 - audited | 9,341,100 | 228,350 | 33,856 | 821,150 | 824,699 | 3,959,623 | 4,765,782 | 19,974,560 |
| Total comprehensive income | | | | | | | | |
| Loss for the period after taxation | - | - | - | - | - | (1,169,883) | (472,315) | (1,642,198) |
| Other comprehensive loss for the period | - | - | (302,412) | - | 573,313 | - | - | 270,901 |
| Total comprehensive income / (loss) for the period | - | - | (302,412) | - | 573,313 | (1,169,883) | (472,315) | (1,371,297) |
| Transfer to statutory reserve | - | - | - | 104,870 | - | (104,870) | - | - |
| Transactions with owners, recorded directly in equity | | | | | | | | |
| Distributions to owners | | | | | | | | |
| Final dividend 2017 (Re. 0.75 per ordinary share) | - | - | - | - | - | (700,584) | - | (700,584) |
| Total transactions with owners | - | - | - | - | - | (700,584) | - | (700,584) |
| Balance as at June 30, 2018 | <u>9,341,100</u> | <u>228,350</u> | <u>(268,556)</u> | <u>926,020</u> | <u>1,398,012</u> | <u>1,984,286</u> | <u>4,293,467</u> | <u>17,902,679</u> |

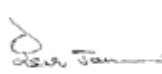
The annexed notes, from 1 to 20, form an integral part of these condensed interim consolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

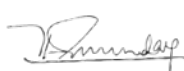
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2018

| | Note | 2018 (Rupees '000) | 2017 |
|------------------------------------------------------------------------------------------------------------------------------------|------|-----------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash used in operating activities | 16 | (7,067,200) | (575,442) |
| Income tax paid | | (1,711,539) | (1,583,660) |
| Payment to Gratuity Fund | | (7,502) | (5,901) |
| Finance cost paid | | (1,994,844) | (1,994,155) |
| Compensated absences paid | | (1,201) | (54,114) |
| (Payment to) / Receipt from Workers' (Profit) Participation Fund | | (151,816) | 11,246 |
| Net cash used in operating activities | | (10,934,102) | (4,202,026) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditures | | (1,394,536) | (4,668,716) |
| Dividend received | | 18,750 | 529,221 |
| Sale proceeds of property, plant and equipment | | 15,142 | 16,094 |
| Long-term deposits | | 521 | - |
| Long-term loans | | 33,863 | - |
| Investment at fair value through profit & loss | | (799,387) | 601,420 |
| Profit received on bank balances and term deposits | | 302,112 | 241,541 |
| Net cash used in investing activities | | (1,823,535) | (3,280,440) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Short-term borrowings - net | | 670,000 | (2,324,725) |
| Injection of equity by non-controlling interest | | - | 325,000 |
| Deferred Government assistance | | - | (648,200) |
| Long-term loans | | 1,453,543 | (526,815) |
| Lease Liability | | (18,195) | (10,457) |
| Dividend paid | | (695,964) | (463,905) |
| Net cash generated from / (used in) financing activities | | 1,409,384 | (3,649,102) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (11,348,253) | (11,131,568) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | | 8,422,616 | 10,474,842 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | | (2,925,637) | (656,726) |
| CASH AND CASH EQUIVALENTS | | | |
| Cash and cash equivalents included in the statement of cash flows comprises the following statement of financial position amounts: | | | |
| - Cash and bank balances | | 6,643,637 | 5,497,218 |
| - Short-term highly liquid investments | | 4,100,000 | 4,913,890 |
| - Short-term running finance | | (13,669,274) | (11,067,834) |
| | | (2,925,637) | (656,726) |

The annexed notes, from 1 to 20, form an integral part of these condensed interim consolidated financial statements.




CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2018

1. THE GROUP AND ITS OPERATIONS

Fauji Fertilizer Bin Qasim Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984, and its shares are quoted on Pakistan Stock Exchange (PSX). The registered office of FFBL is situated at FFBL Tower, C1/C2, Sector B, Jinnah Boulevard, DHA Phase II, Islamabad, Pakistan. The principal objective of FFBL is manufacturing, purchasing and marketing of fertilizers. FFBL commenced its commercial production effective January 01, 2000.

Fauji Fertilizer Bin Qasim Limited group comprises of Fauji Fertilizer Bin Qasim Limited (FFBL / parent company) and its fully owned subsidiaries, Fauji Meat Limited (FML), FFBL Foods Limited and FFBL Power Company Limited (FPCL), Fauji Foods Limited collectively referred as ("Group").

Fauji Meat Limited is a public limited company incorporated on September 05, 2013 in Pakistan under the Companies Ordinance, 1984. The principal objectives of FML are to establish a meat abattoir unit for halal slaughtering of animals to obtain meat for local and export sale purposes.

FFBL Foods Limited is a public limited company incorporated on July 04, 2013 in Pakistan under the Companies Ordinance, 1984. The principal objectives are to produce multi brand dairy products.

FFBL Power Company Limited is a public limited company incorporated on June 27, 2014 in Pakistan under the Companies Ordinance, 1984. The principal activity is generation and supply of electricity and all other forms of energy.

Fauji Foods Limited (FFL) was incorporated in Pakistan on September 26, 1966 as a public company and its shares are quoted on Pakistan Stock Exchange. It is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products.

2. BASIS OF PREPARATION

This condensed interim consolidated financial statements of the Company, for the half year ended June 30, 2018, has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

As a result of the promulgation of the Companies Act, 2017, the nomenclature for the statement presenting the financial position of the Company has been changed, from Balance Sheet to Statement of Financial Position. Further, all items of income and expense recognized in a period are now presented in a single Statement of Profit or Loss and Other Comprehensive Income, whereas previously these were presented in two separate statements: a statement displaying components of profit or loss (the Profit and Loss Account) and a second statement beginning with profit or loss for the year and displaying components of other comprehensive income (the Statement of Comprehensive Income).

The disclosures in these condensed interim consolidated financial statements do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended December 31, 2017. The comparative Consolidated Statement of Financial Position is extracted from the annual financial statements, as of December 31, 2017, whereas the Statement of Profit or Loss and Other Comprehensive Income, the Statement of cash flow and Statement of Changes in Equity are extracted from the unaudited condensed interim consolidated financial statements, for the half year ended June 30, 2017.

These condensed interim consolidated financial statements are unaudited and is being submitted to the members, as required under Section 237 of the Companies Act, 2017, and the listing regulations of the Pakistan Stock Exchange (PSX).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2018

3. ACCOUNTING POLICIES

The accounting policies and method of computation adopted for the preparation of these condensed interim consolidated financial statements are same as those applied in preparation of financial statements for the preceding year ended December 31, 2017.

4. GROUP CONSISTS OF FOLLOWING SUBSIDIARY COMPANIES:

| | Ownership in 2018 | Ownership in 2017 |
|----------------------------|----------------------|----------------------|
| Fauji Meat Limited | 75% | 75% |
| FFBL Power Company Limited | 75% | 75% |
| FFBL Foods Limited | 100% | 100% |
| Fauji Foods Limited | 50.59% | 49.40% |

The condensed interim financial statements of subsidiary companies have been consolidated on line by line basis. The carrying value of investments held by the Holding Company is eliminated against the subsidiaries' share capital and pre-acquisition reserves. All material intercompany balances have been eliminated.

| June 30, 2018 (Un - audited) | December 31, 2017 (Audited) |
|------------------------------------|-----------------------------------|
| (Rupees '000) | |

5. LONG-TERM LOANS

| | | |
|-------------------------------------------------------|-------------------|-------------------|
| Loans from banking companies-secured | 48,821,256 | 47,351,193 |
| Less: Current portion shown under current liabilities | 8,012,348 | 6,298,979 |
| | <u>40,808,908</u> | <u>41,052,214</u> |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2018

| | June 30, 2018 (Un - audited) | December 31, 2017 (Audited) |
|---------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------|
| | (Rupees '000) | |
| 6. CONTINGENCIES AND COMMITMENTS | | |
| Contingencies | | |
| i) Guarantees issued by banks on behalf of the Group | 60,992 | 37,021 |
| ii) Group's share of contingent liabilities of Fauji Cement Company Limited as at March 31, 2018 | 39,806 | 49,830 |
| iii) Group's share of contingent liabilities of Foundation Wind Energy - I Limited as at March 31, 2018 | 77,756 | 77,756 |
| iv) Group's share of contingent liabilities of Foundation Wind Energy - II (Pvt) Limited as at March 31, 2018 | 269,388 | 269,388 |
| v) Group's share of contingent liabilities of Askari Bank Limited as at March 31, 2018 | 69,911,611 | 68,368,802 |
| vi) Contingent liabilities of Fauji Foods Limited | 1,345,050 | 1,335,880 |
| vii) Contingent liabilities of Fauji Meat Limited | 100,000 | 58,113 |
| Commitments | | |
| i) Capital expenditures - contracted | 1,930,551 | 1,526,145 |
| ii) Letters of credit for purchase of stores, spares and raw materials | 971,393 | 895,587 |
| iii) Commitments with Fauji Foundation for investment in FWE- I & FWE- II | 240,488 | 226,984 |
| iv) Company's share of commitments of PMP as at March 31, 2018 | 25,534 | 34,266 |
| v) Commitments of Fauji Meat Limited | 23,185 | 24,021 |
| vi) Commitments of FFBL Power Company Limited | 1,069,605 | 503,980 |
| vii) Group's share of commitments of Fauji Cement Company Limited as at March 31, 2018 | 6,691 | 9,262 |
| viii) Commitments of Fauji Foods Limited | 1,592,620 | 1,084,560 |
| 7. PROPERTY, PLANT AND EQUIPMENT | | |
| Opening written down value | 50,289,228 | 46,535,066 |
| Additions during the period / year | 1,391,615 | 6,539,219 |
| Disposals during the period / year | (33,291) | (124,466) |
| Depreciation during the period / year | (1,586,232) | (2,756,309) |
| Depreciation charged on disposals during the period / year | 17,153 | 95,718 |
| Closing written down value | 50,078,473 | 50,289,228 |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2018

| June 30, 2018 (Un - audited) | December 31, 2017 (Audited) |
|------------------------------------|-----------------------------------|
| (Rupees '000) | |

8. LONG-TERM INVESTMENTS

Investment in joint venture - equity method

Pakistan Maroc Phosphore S.A, Morocco (PMP)

| | | |
|---------------------------------------------------|-----------|-----------|
| Balance brought forward | 4,105,395 | 3,630,614 |
| Share of (loss) / profit | (59,417) | 441,456 |
| Dividend | (507,084) | (107,023) |
| Gain during the year on translation of net assets | 567,792 | 140,348 |
| Closing balance | 4,106,686 | 4,105,395 |

Investment in associates - equity method

Fauji Cement Company Limited (FCCL)

| | | |
|-------------------------|----------|----------|
| Balance brought forward | 407,743 | 392,688 |
| Share of profit | 22,139 | 31,930 |
| Dividend | (18,750) | (16,875) |
| Closing balance | 411,132 | 407,743 |

Foundation Wind Energy - I Limited (FWE-I)

| | | |
|--------------------------|-----------|-----------|
| Opening balance | 2,038,217 | 1,574,361 |
| Share of (loss) / profit | (91,171) | 463,856 |
| Closing balance | 1,947,046 | 2,038,217 |

Foundation Wind Energy - II (Pvt) Limited (FWE-II)

| | | |
|--------------------------|-----------|-----------|
| Opening balance | 2,075,568 | 1,770,038 |
| Share of (loss) / profit | (83,209) | 305,530 |
| Closing balance | 1,992,359 | 2,075,568 |

Askari Bank Limited (AKBL)

| | | |
|-----------------------------------------------------------------|-----------|-----------|
| Opening balance | 7,072,138 | 7,438,522 |
| Share of profit | 522,622 | 1,101,103 |
| Dividend | - | (679,710) |
| Defined benefit obligation | - | (12,116) |
| Revenue reserve on revaluation of available for sale investment | (355,779) | (776,879) |
| Effect of translation | 5,521 | 1,218 |
| Closing balance | 7,244,502 | 7,072,138 |

Investment - available for sale - unquoted

Arabian Sea Country Club Limited (ASCCL)

| | | |
|-----------------------------------------|------------|------------|
| 300,000 ordinary shares of Rs. 10 each | 3,000 | 3,000 |
| Less: Impairment in value of investment | 3,000 | 3,000 |
| | - | - |
| | 15,701,725 | 15,699,061 |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

| June 30, 2018 (Un - audited) | December 31, 2017 (Audited) |
|------------------------------------|-----------------------------------|
| (Rupees '000) | |

9. DEFERRED TAXATION - NET

The balance of deferred tax is in respect of the following **major (taxable) / deductible differences:**

| | | |
|---------------------------------------------------------------|------------------|------------------|
| Accelerated depreciation | (2,306,600) | (2,518,921) |
| Share of profit of joint venture and associates - net | (787,340) | (755,461) |
| Share of profit of subsidiary | (91,444) | (91,444) |
| Provision for inventory obsolescence | 53,521 | 37,917 |
| Provision for doubtful other receivables | 53,177 | 59,086 |
| Deferred tax on revaluation of available for sale investments | 58,374 | 5,007 |
| Accrued liabilities and payables | 3,841,393 | 3,123,451 |
| Unabsorbed losses | 1,572,955 | 1,889,995 |
| | <u>2,394,036</u> | <u>1,749,630</u> |

Deferred tax asset on unused tax losses, tax credits and other deductible temporary differences, are recognized on the basis that sufficient future taxable profits will be available against which they can be utilized.

10. LONG-TERM LOANS

| | | |
|-------------------------------------------------------|----------|----------|
| Long-term loans | - | 33,863 |
| Less: Current portion shown under current liabilities | - | 33,863 |
| | <u>-</u> | <u>-</u> |

During the year 2016, the Company provided Rs. 45.15 million as Subordinated Loans and Guarantee Facilities to Foundation Wind Energy-I Limited and Foundation Wind Energy-II (Pvt) Limited, at three months KIBOR + 2% per annum, on the terms set out in the respective agreements. During the period, the loans have been settled.

11. OTHER RECEIVABLES

This includes an amount of Rs. 2,245 million (December 31, 2017: Rs. 910 million) receivable from Fauji Fertilizer Company Limited, an associated company on account of amount recovered from customers, against sales of the Company's products under an inter-company services agreement.

12. SHORT-TERM INVESTMENTS

The balance at the period end includes investments in term deposits receipts of various banks, having maturity periods up to 3 months, and carrying mark-up between 5.75% to 9.15% per annum (December 31, 2017: 5.00% to 9.15% per annum).

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

| | (Un-audited) Quarter ended June 30, | | (Un-audited) Half year ended June 30, | |
|--------------------------------------------------------|----------------------------------------|-------------|------------------------------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| | (Rupees '000) | | (Rupees '000) | |
| 13. COST OF SALES | | | | |
| Raw materials consumed | 12,370,945 | 9,959,291 | 22,342,858 | 16,861,759 |
| Packing materials consumed | 822,146 | 415,304 | 1,717,581 | 937,875 |
| Fuel and power | 290,741 | 631,290 | 586,857 | 1,310,134 |
| Ash Dumping | 6,307 | 7,869 | 15,219 | 7,869 |
| Tagging cost | - | 9,399 | - | 9,399 |
| Utilities | 13,838 | 53,726 | 59,004 | 53,726 |
| Milk Collection Charges | 51,224 | - | 116,522 | - |
| Chemicals and supplies consumed | 137,402 | 103,509 | 288,141 | 170,372 |
| Salaries, wages and benefits | 682,055 | 546,853 | 1,140,078 | 1,087,577 |
| Rent, rates and taxes | 46,230 | 12,813 | 60,860 | 25,454 |
| Insurance | 42,293 | 33,242 | 82,020 | 54,347 |
| Travel and conveyance | 47,810 | 38,106 | 88,545 | 79,577 |
| Repairs and maintenance | 215,350 | 204,013 | 1,002,676 | 819,700 |
| Communication, establishment and others | 39,047 | 78,941 | 87,049 | 140,441 |
| Depreciation | 730,023 | 633,764 | 1,454,619 | 1,132,202 |
| Opening stock - work in process | 93,937 | 136,960 | 129,948 | 152,818 |
| Closing stock - work in process | (296,714) | (94,072) | (296,714) | (94,072) |
| Cost of goods manufactured | 15,292,634 | 12,771,008 | 28,875,263 | 22,749,178 |
| Opening stock - finished goods | 2,075,431 | 1,536,709 | 467,002 | 1,432,743 |
| Closing stock - finished goods | (6,770,794) | (6,072,705) | (6,770,794) | (6,072,705) |
| Cost of sales | 10,597,271 | 8,235,012 | 22,571,471 | 18,109,216 |
| 14. OTHER INCOME | | | | |
| Share of profit/(loss) from joint venture & associates | | | | |
| Pakistan Maroc Phosphore S.A, Morocco | (156,045) | 31,947 | (59,417) | 173,259 |
| Foundation Wind Energy - I Ltd. | (23,622) | (26,629) | (91,171) | 80,466 |
| Foundation Wind Energy - II (Pvt) Ltd. | (21,206) | (12,636) | (83,209) | (41,939) |
| Fauji Cement Company Limited | 11,282 | 8,762 | 22,139 | 17,856 |
| Askari Bank Limited | 297,087 | 268,094 | 522,622 | 488,558 |
| | 107,496 | 269,538 | 310,964 | 718,200 |
| Profit on bank balances & term deposits | 126,475 | 110,686 | 280,268 | 218,423 |
| Gain / Dividend from mutual funds | 56,079 | 30,279 | 99,436 | 86,192 |
| Subsidy income on DAP | - | 541,917 | - | 1,581,534 |
| Subsidy income on Urea | 141,328 | 500,937 | 314,619 | 617,281 |
| Interest and guarantee fee | 2,154 | 4,493 | 4,607 | 8,639 |
| Scrap sale and other receipts | 39,293 | 25,889 | 85,343 | 43,974 |
| (Loss) / gain on sale of property, plant & equipment | (465) | 8,074 | (996) | 10,991 |
| Miscellaneous income | 4,148 | 622 | 9,625 | 3,295 |
| | 369,012 | 1,222,897 | 792,902 | 2,570,329 |
| | 476,508 | 1,492,435 | 1,103,866 | 3,288,529 |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

| | (Un - audited) Quarter ended June 30, | | (Un - audited) Half year ended June 30, | |
|--------------|------------------------------------------|----------------|--------------------------------------------|-----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | (Rupees '000) | | (Rupees '000) | |
| 15. TAXATION | | | | |
| Current tax | 540,220 | 657,842 | 846,472 | 870,763 |
| Deferred tax | (208,110) | (448,672) | (591,042) | (904,102) |
| | <u>332,110</u> | <u>209,170</u> | <u>255,430</u> | <u>(33,339)</u> |

| | (Un - audited) Half year ended June 30, | |
|--|--------------------------------------------|------|
| | 2018 | 2017 |
| | (Rupees '000) | |

16. CASH USED IN OPERATIONS

| | | |
|----------------------|-------------|-------------|
| Loss before taxation | (1,386,768) | (1,239,221) |
|----------------------|-------------|-------------|

Adjustment for non-cash charges and other items:

| | | |
|--------------------------------------------------------|-----------|-----------|
| Provision for gratuity | 38,447 | 63,575 |
| Exchange loss | 535,042 | 22,531 |
| Provision for compensated absences | 52,687 | 52,579 |
| Provision for Workers' Welfare Fund | 26,843 | 43,805 |
| Provision for Workers' Profit Participation Fund | 194,155 | 19,280 |
| Amortization of transaction cost of long-term finance | 16,520 | 8,125 |
| Depreciation | 1,588,478 | 1,258,966 |
| Finance cost | 2,243,846 | 1,528,404 |
| Profit on bank balances and term deposits | (280,268) | (218,423) |
| Income on mutual funds | (99,436) | (86,192) |
| Guarantee fee | (4,100) | (6,834) |
| Profit from joint venture and associates - net | (310,964) | (718,200) |
| Mark-up on sub-ordinated loans | (507) | (1,805) |
| Loss / (gain) on sale of property, plant and equipment | 996 | (10,991) |

Operating profit before working capital changes

| | |
|-----------|---------|
| 2,614,971 | 715,599 |
|-----------|---------|

Changes in working capital

| | | |
|-------------------------------------------|--------------------|--------------------|
| Stores and spares | 3,955 | 43,263 |
| Stock-in-trade | (7,644,390) | (5,232,278) |
| Trade debts | (814,604) | 878,583 |
| Advances | (410,379) | 289,640 |
| Trade deposits and short-term prepayments | (116,928) | (19,814) |
| Other receivables | (1,499,596) | (273,065) |
| Sales tax receivable | (1,545,784) | (172,750) |
| Trade and other payables | 2,345,555 | 3,195,380 |
| | <u>(9,682,171)</u> | <u>(1,291,041)</u> |

Cash used in operations

| | |
|--------------------|------------------|
| <u>(7,067,200)</u> | <u>(575,442)</u> |
|--------------------|------------------|

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018**

17. RELATED PARTY TRANSACTIONS

The Group has related parties which comprise of a joint venture, entities under common directorship, directors, key management personnel and employees' funds. Transactions with related parties and the balances outstanding at the period end are given below. The carrying value of investment in associates and joint venture are disclosed in note 8 to the condensed interim consolidated financial statements.

| | 2018 | 2017 |
|-----------------------------------------------------------------------------|---------------|------------|
| | (Rupees '000) | |
| Transactions with Fauji Foundation (FF) | | |
| Dividend paid | 128,132 | 85,421 |
| Donation paid and services provided | 4,193 | 21,830 |
| Transactions with associated undertakings due to common directorship | | |
| Services and material acquired | 517,748 | 602,436 |
| Services and material provided | 3,085 | - |
| Receipts under consignment account (FFCL) | 12,107,203 | 18,824,200 |
| Commission charged to the company | 9,272 | 9,234 |
| Balance receivable at the period end - unsecured (FFCL) | 2,244,773 | 910,300* |
| Dividend paid | 349,419 | 232,946 |
| Profit on Bank Balances with AKBL | 45,514 | 23,066 |
| Long-term loans (AKBL) | 500,000 | - * |
| Mark-up on long-term loans (AKBL) | 9,188 | - |
| Finance cost charged on behalf of AKBL | 7,420 | - |
| Running finance with AKBL | 745 | 884,640* |
| Lease liability against assets subject to finance lease from AKBL | 30,170 | - * |
| Mark-up on running finance with AKBL | - | 27,990 |
| Investments in TDR's with AKBL | - | 50,000* |
| Income from TDR's with AKBL | - | 786 |
| Balances at Bank (AKBL) | 761,061 | 958,310* |
| Transactions with Fauji Foundation Hospital | 108 | 55 |
| Interest and Guarantee Fee from FWE - I & FWE - II | 4,607 | 8,639 |
| Transactions with Foundation Gas | 343 | 567 |
| Transactions with joint venture | | |
| Purchase of raw materials | 11,782,422 | 10,828,404 |
| Expenses incurred on behalf of joint venture | 6,699 | 7,206 |
| Balance payable at the period end - secured | 5,780,205 | 4,105,955* |
| Balance receivable at the period end - unsecured | 515,440 | 6,854* |
| Other related parties | | |
| Contribution to Provident Fund | 37,248 | 35,087 |
| Contribution to Gratuity Fund | 30,208 | 45,176 |
| Payment / adjustment to Gratuity Fund | 7,502 | (2,120) |
| Payment to / (Receipt from) Workers' (Profit) Participation Fund & WWF | 151,816 | (11,295) |
| Balance payable - (WWF+WPPF) unsecured | 1,479,077 | 1,342,019* |
| Payable to Gratuity Fund | 108,015 | 77,489* |
| Remuneration of key management personnel | 238,951 | 290,843 |

* Balance of accounts appearing as comparatives are as at December 31, 2017

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2018

18. SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments.

| | Fertilizer | Food | Meat | Power | Elimination-net | Consolidated |
|----------------------------------|------------------|--------------------|------------------|------------------|------------------|--------------------|
| | (Rupees' 000) | | | | | |
| June 30, 2018 | | | | | | |
| Revenue | 18,928,401 | 3,873,698 | 352,590 | 8,125,079 | (4,163,962) | 27,115,806 |
| (Loss) / Profit after tax | (993,686) | (1,471,904) | (555,219) | 1,627,536 | (248,925) | (1,642,198) |
| June 30, 2017 | | | | | | |
| Revenue | 15,554,528 | 2,520,039 | 520,386 | 1,510,186 | (897,074) | 19,208,065 |
| (Loss) / Profit after tax | (384,283) | (1,225,773) | (686,118) | 356,132 | 734,160 | (1,205,882) |
| June 30, 2018 | | | | | | |
| Assets | 74,203,982 | 13,400,747 | 8,079,456 | 34,394,123 | (11,842,055) | 118,236,253 |
| Liabilities | 62,747,613 | 9,600,589 | 6,286,432 | 22,553,414 | (854,400) | 100,333,648 |
| December 31, 2017 | | | | | | |
| Assets | 65,651,800 | 11,314,325 | 8,049,903 | 34,608,826 | (9,284,493) | 110,340,361 |
| Liabilities | 52,501,162 | 6,962,158 | 7,201,660 | 24,395,654 | (694,833) | 90,365,801 |

19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

19.1 Financial risk factors

The group's activities expose it to a variety of financial risk including market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

There have been no changes in the risk management policies during the period, consequently these condensed interim consolidated financial statements do not include all the financial risk management information and disclosures required in the annual consolidated financial statements.

19.2 Fair Value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- 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 2)
- Inputs for the asset or liability that are no based on observable market data (level 3)

| | Level 1 | Level 2 | Level 3 |
|--------------------------------------------------------|---------------|---------|---------|
| | (Rupees' 000) | | |
| June 2018 - unaudited | | | |
| ASSETS | | | |
| Financial assets at fair value through profit and loss | | | |
| - Short-term investments | 4,923,112 | - | - |
| December 2017 - audited | | | |
| ASSETS | | | |
| Financial assets at fair value through profit and loss | | | |
| - Short-term investments | 3,024,289 | - | - |

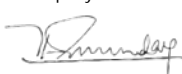
20. GENERAL

20.1 Figures have been rounded off to the nearest thousand rupees.

20.2 These condensed interim consolidated financial statements were authorized for issue on July 30, 2018 by the Board of Directors of the Company.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

