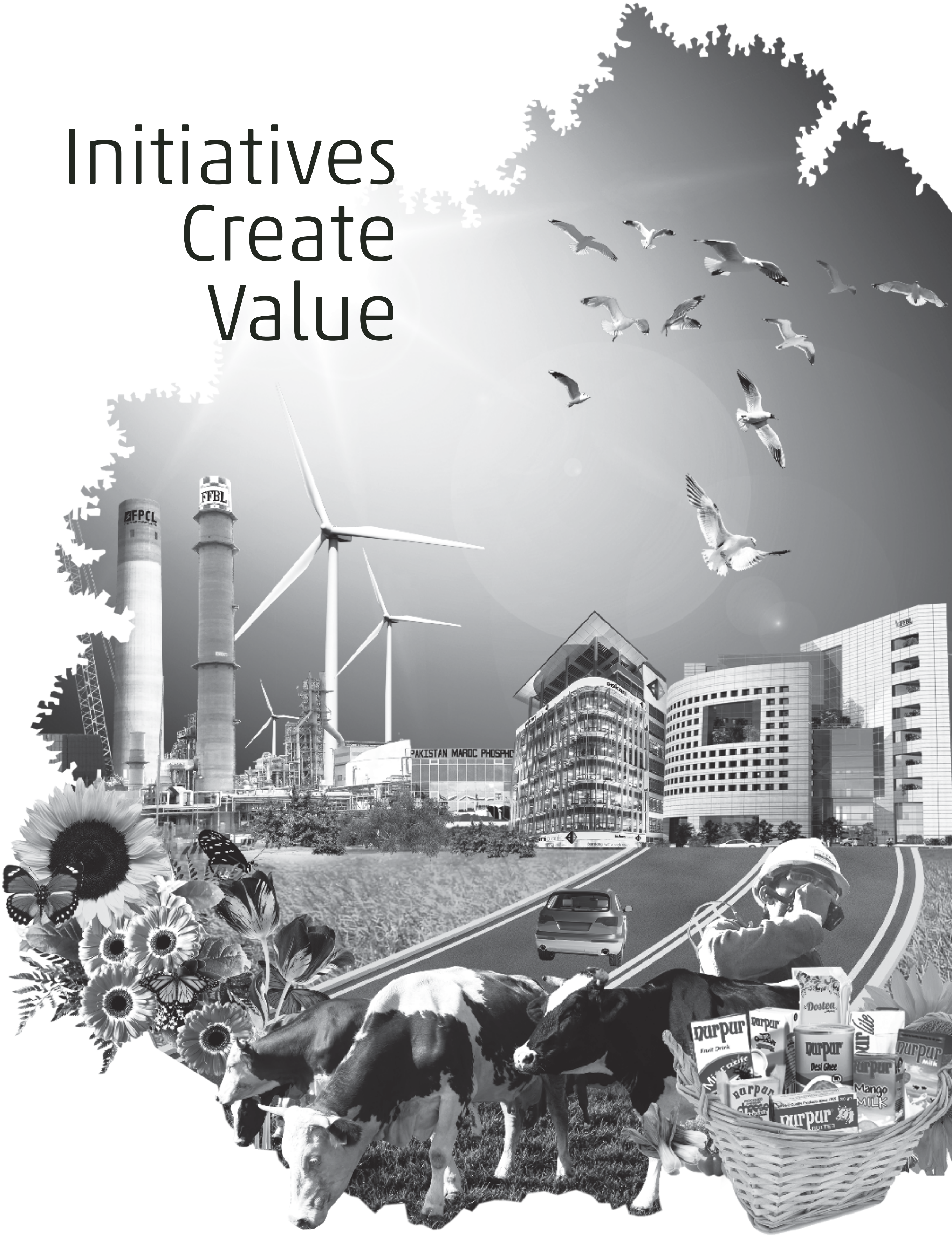
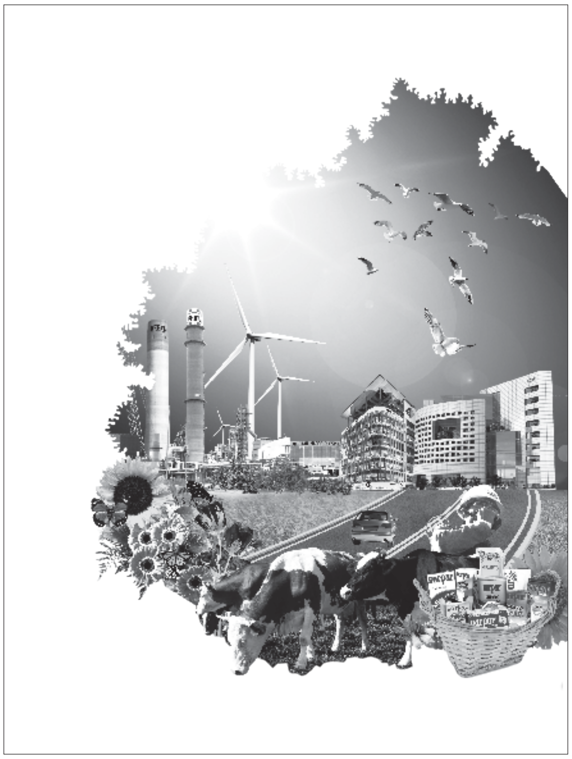
Annual Report of **Fauji Fertilizer Bin Qasim Limited**
for the year ended **December 31, 2015**

Initiatives Create Value



Fauji Fertilizer Bin Qasim Limited



Initiatives Create Value

Our journey continues – innovation, progress and the spirit in our core has enabled us to rise to the top ranks of corporate leadership. FFBL's vision to grow and enhance stakeholders' value has propelled us to take the route of diversification; taking initiatives for the advantage of the Company and the national economy as a whole.

Contents

Our Journey

1993
Incorporation of the Company

1996
Listed with Karachi, Lahore and Islamabad Stock Exchanges

2000
Commencement of commercial production

2003
- Successful commissioning of Desulphurization Project
- Agreement with Officie Cherifien des Phosphates' (OCP), Morocco for supply of raw material (P_2O_5)

2005
Joint venture with 'Officie Cherifien des Phosphates' (OCP), Morocco to incorporate 'Pakistan Maroc Phosphore S.A' (PMP) costing 2,030 million Moroccan Dirhams with equity participation of 25%

2006
Achieved ISO Certification in QMS (9001:2000), EMS (14001:2004) and OHSAS (18001:1999)

2007
Successful completion of Ammonia BMR resulting in increased production of Ammonia by 23% from 1,270 MT to 1,570 MT and Urea by 15% from 1,670 MT to 1,920 MT per day

2008

- DAP Revamp resulting in increased production by 51% from 1,472 MT to 2,232 MT per day
- Start of PMP's commercial production and shipment to FFBL in April 2008 and May 2008 respectively
- Investment in Fauji Cement Company Limited

2010

- Investment in Wind Power Projects
- Successful implementation of SAP-ERP system, evolving excellence through technological integration

2011

- Rewarding year for FFBL, exhibiting highest standards of performance, surpassing all previous records
- PMP achieved a landmark by producing 382 thousand tonnes of P_2O_5, surpassing the name plate capacity of 375 thousand tonnes in any year

2013

- Incorporation of Fauji Meat Limited and Fauji Foods Limited
- Investment in Askari Bank Limited
- Highest ever DAP production of 744,436 MT

2014

- Incorporation of FFBL Power Company Limited
- Received two awards in Corporate Social Responsibility
- Bronze Medal in ERP from SAP, Germany
- Highest ever DAP production of 72,390 MT in a month

2015

- Highest ever yearly DAP production of 768,004 MT
- Highest ever daily DAP production of 2,461 MT on December 19, 2015
- Highest ever monthly sale of DAP 223,186 MT in October 2015
- Highest ever yearly production of 429,398 MT of phosphoric acid by PMP
- 4^{th} in chemical sector for Best Corporate Report Award by ICAP & ICMAP
- Received two awards in Corporate Social Responsibilty
- SAP Silver Medal Customer COE of the Year Award 2015, Heidelberg, Germany
- Investment in Noon Pakistan Ltd

Say No To Corruption

VISION

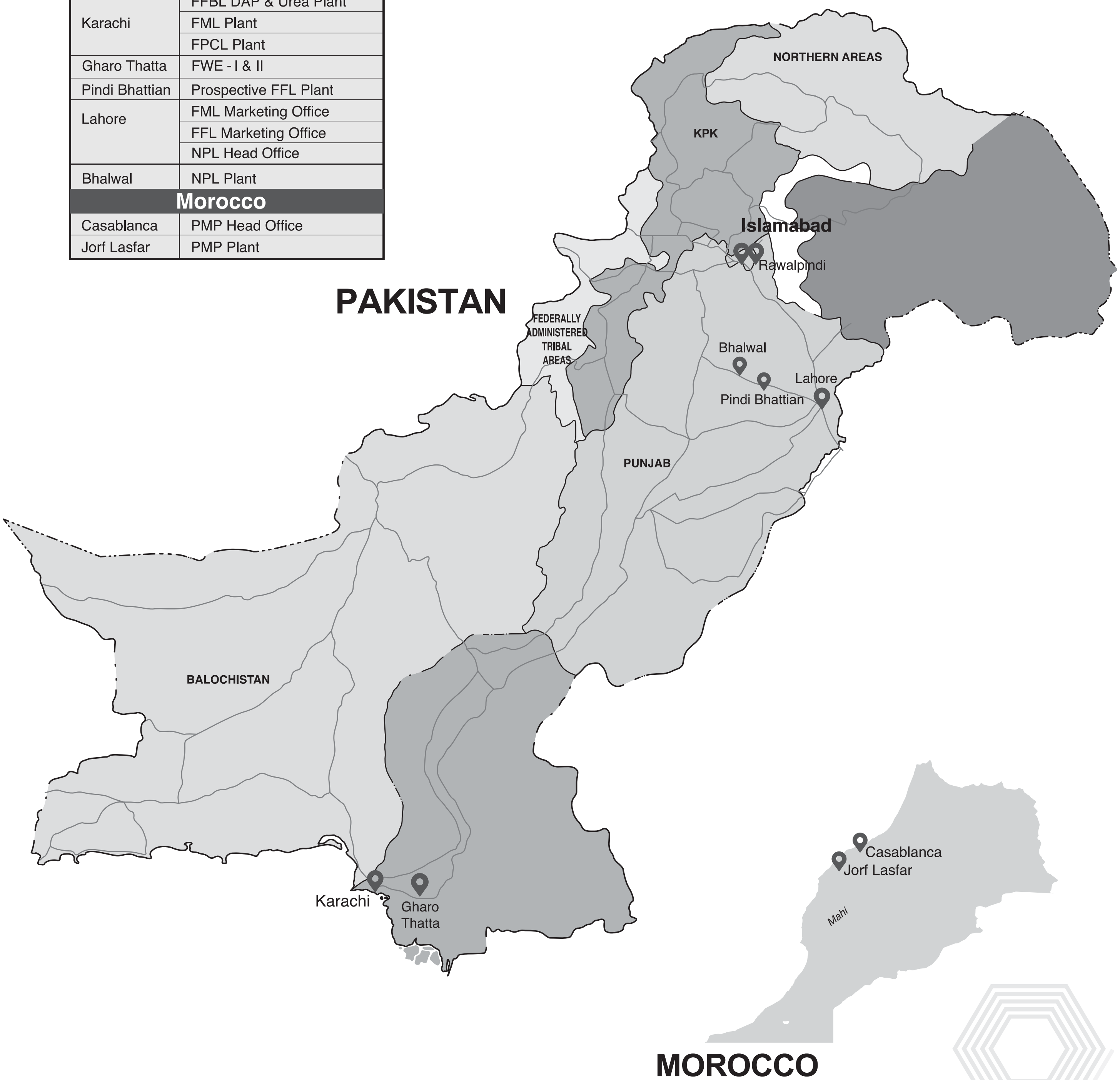
To be a foremost organization focused on quality and growth, leading to enhanced stakeholders' value

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 products and providing safe and conducive working environment for the employees

Geographical Presence

LOCATION MAP	
Pakistan	
Rawalpindi/ Islamabad	FFBL Head Office
	FFL Head Office
	FML Head Office
	FPCL Head Office
Karachi	FFBL DAP & Urea Plant
	FML Plant
	FPCL Plant
Gharo Thatta	FWE - I & II
Pindi Bhattian	Prospective FFL Plant
Lahore	FML Marketing Office
	FFL Marketing Office
	NPL Head Office
Bhalwal	NPL Plant
Morocco	
Casablanca	PMP Head Office
Jorf Lasfar	PMP Plant



Corporate Objectives

Objective 1

Maintain operational efficiency, enhance production and maximize profits for stakeholders.

Strategy: Improve the effectiveness and efficiency of our business processes by reducing throughput, simplifying production processes and enhancing value.

Priority: High

Status: Ongoing process - continuous improvements and simplification in production processes.

Opportunities / threats:
With balanced and focused management strategies, operational efficiency can be achieved.

Objective 2

Research, develop and invest in new business ventures for sustained economic growth.

Strategy: Identify, evaluate, analyze and undertake diversification within and outside the fertilizer industry.

Priority: High

Status: FFBL has identified quite a few areas of potential business segments and has undertaken strategic investments in the areas of food, financial, power sector and wind energy projects.

Opportunities / threats:
Foreign investment in Pakistan is at its lowest ebb due to inflation, energy crisis and law and order situation, thereby creating an opportunity for local industry to tap unexplored resources in the economy.

Current trend of growth could be at risk considering shortage of gas, water and power. Diversification in hither to unexplored / under explored fields and new emerging markets could help minimize this risk and ensure organizational growth.

Objective 3

Adopt cost saving measures and eliminating redundancies.

Strategy: Resource utilization at an optimum level through strict governance policies and improvement in internal control procedures.

Priority: High

Status: Through focused management strategies, adoption of cost cutting measures, better and planned work flow procedures, continuous employee involvement and encouragement has resulted in reduction in response time and money losses.

Opportunities / threats:
A continuous monitoring and evolving process, plans for 2015 achieved.

Objective 4

Commitment to maintain highest standards of health, safety and environment.

Strategy: Health, safety and environment is held sacrosanct at all our plants, conforming to the International Standards of environment protection and effluent disposal.

Priority: High

Status: Ongoing process - Continuous monitoring and improvements in health, safety and environment standards in order to obtain high standards of operational excellence.

Opportunities / threats:
At FFBL, we are committed to maintain a safe and healthy working environment for all our employees.

Our approach to HSEQ (health, safety, environment and quality) is proactive and designed to maintain highest operating standards, oriented towards long term development and occupational safety besides strengthening our employees' physical, mental and social well-being.

Corporate Strategy

The dynamic corporate strategy of FFBL is to enhance customer satisfaction and earn their respect by continuously providing the highest quality of product by adding value in the long run. We are committed to create value for stakeholders through performance and growth by appropriately utilizing combination of resources and skills with respect to changing market conditions.

Our strategy is based on profitable and sustainable growth, building on an unrivaled market position and a unique flexible business model. We continue to honour the confidence and trust of our customers, suppliers and the Government. We are committed to contribute heavily to the national economy and seize opportunities for diversification and growth to build upon our strengths and competencies.

FFBL is focused on fostering an inspiring and innovative performance culture based on our vision and mission, the code of conduct, ethics, sustained progress and our core values. We demonstrate our commitment to employees by promoting and rewarding their efforts based on performance and creating an environment which builds motivation and reflects our values. We develop leaders at all levels that achieve business results, exhibit our values and lead us to grow and win.

Strategic Goals

- Boost agricultural yield of the country
- Lead fertilizer business
- Be an environment friendly and socially responsible Company
- Create new opportunities for business growth and diversification
- Manufacture prime quality products
- Maintain operational, technological and managerial excellence
- Maximize productivity and expand sales
- Eliminate duplication of resources to economize cost

Core Values


Professional Integrity
Focus on Results
Winning Working Environment
Corporate Social Responsibility
Accountable for Actions
Innovations and Creativity

Code of Conduct

Corporate Image
Company's reputation and identity are among the Company's most valuable assets.

Health and Safety
We are all responsible for maintaining a safe workplace by following health and safety rules and practices.

Confidentiality
Every employee is obligated to protect the Company's confidential information, which is proprietary to the Company.

Stakeholders
Stakeholders are valuable equal partners for us with whom a long-term, fair and trustworthy relationship is built.

Respect for People and Team Work
We are dedicated through dignity and respect, owe nothing less to each other. We know it well that none of us acting alone can achieve success.

Integrity and Honesty
By maintaining the highest level of corporate integrity through open, honest and fair dealings, we earn trust for ourselves from everyone.

Dedication to Quality
Our quality policy is an integral part of our business philosophy and we are committed to provide total customer satisfaction.

Legal Compliance
The Company's activities and operations are carried out in strict compliance with all applicable laws and the highest ethical standards.

Unauthorized Use of Corporate Assets
Every employee is obligated to protect the assets of the Company.

Conflict of Interest
All employees must avoid any personal or business influences that affect their ability to act in the best interests of the Company.

Corporate Records
Documents and records of the Company are part of the Company's assets and employees are charged with maintaining their accuracy and safety.

Company Information

Board of Directors

Lt Gen Khalid Nawaz Khan, HI(M), Sitara-i-Esar, (Retired)
Chairman
Lt Gen Muhammad Haroon Aslam, HI(M), SBt, (Retired)
Chief Executive & Managing Director
Lt Gen Shafqaat Ahmed, HI(M), (Retired)
Mr. Qaiser Javed
Dr. Nadeem Inayat
Maj Gen Syed Jamal Shahid, HI(M), (Retired)
Maj Gen Nasir Mahmood, HI(M), (Retired)
Maj Gen Muhammad Farooq Iqbal, HI(M), (Retired)
Brig Raja Jahanzeb, SI (M), (Retired)
Mr. Naved A. Khan
Mr. Nasier A. Sheikh
Dr. Rashid Bajwa

Company Secretary

Brig Muhammad Azam, SI(M), (Retired)

Chief Financial Officer

Syed Aamir Ahsan

Registered Office

(Existing)
73-Harley Street, Rawalpindi.
Tel : +92 51 9272196-97
Fax : +92 51 9272198-99
E-mail : secretary@ffbl.com
Web : http://www.ffbl.com

Registered Office

(Proposed)*
C 1, C2, Sector B, Jinnah Boulevard
Phase II, DHA Islamabad
Tel : +92 51 8763325

*Change in registered office is subject to approval in the AGM

Plant Site

Plot No. EZ/I/P-1 Eastern Zone,
Port Qasim, Karachi 75020.
Tel : +92 21 34724500-29
Fax : +92 21 34750704
Email : information@ffbl.com

Shares Registrar

M/s Corplink (Pvt) Limited
Wings Arcade, 1-K,
Commercial,
Model Town, Lahore.
Tel : +92 42 35839182
Fax : +92 42 35869037

Auditors

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

Legal Advisors

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

Web Presence

www.ffbl.com

Organogram

- Chief Executive & Managing Director
  - Finance Division
    - Information Technology
  - Supply Chain Management Division
  - Corporate Development Division
  - Human Capital Management Division
  - Plant
    - Operations
    - Technical Services
    - Maintenance
    - HSEQ
    - Administration
  - Company Secretariat
  - Internal Audit Department
  - Technology Department
  - Administration Department
  - PMP Morocco

Profile of the Board

Lt Gen Khalid Nawaz Khan

HI(M), Sitara-i-Esar, (Retd), Chairman

Lt Gen Khalid Nawaz Khan (Retired) was commissioned in the Pakistan Army on 20 April 1975 with the coveted Sword of Honour. The General Officer has a vast and varied experience in various capacities on Command, Staff and Instructional assignments which include command of an Infantry Division and a Corps deployed along the Line of Control. The General has also remained as Commandant of the prestigious Command and Staff College Quetta, in addition to having served on the faculties of School of Infantry, Command and Staff College and National Defence University. He is a graduate of Armed Forces War College (National Defence University) and Command and General Staff College, Fort Leavenworth, USA. The General Officer holds Masters Degrees in War Studies, Art and Science of Warfare and General Studies.

In recognition of his meritorious services, he has been awarded Hilal-e-Imtiaz (Military). The General Officer was also conferred upon the award of Sitara-i-Esar for his leadership role in the aftermath of the devastating 2005 Earthquake in Azad Kashmir. He is an avid golfer. Besides being the Managing Director of Fauji Foundation, the General Officer is the Chairman of the Boards of Directors of following entities:

- Fauji Fertilizer Company Limited
- Fauji Fertilizer Bin Qasim Limited
- Fauji Cement Company Limited
- Fauji Kabirwala Power Company Limited
- Daharki Power Holdings Limited
- FFC Energy Limited
- FFBL Power Company Limited
- Foundation Wind Energy-I Limited
- Foundation Wind Energy-II (Pvt) Limited
- Fauji Meat Limited
- Mari Petroleum Limited
- Fauji Oil Terminal and Distribution Company Limited
- Foundation Power Company (Daharki) Limited
- Fauji Akbar Portia Marine Terminals
- Askari Cement Limited
- Fauji Foods Limited
- Noon Pakistan Limited
- Fauji Fresh n Freeze
- Askari Bank Limited

Lt Gen Muhammad Haroon Aslam

HI(M), SBt (Retd), CE & MD

Lt Gen Muhammad Haroon Aslam (Retired) is the Chief Executive and Managing Director of Fauji Fertilizer Bin Qasim Limited, Fauji Foods Limited, Fauji Meat Limited, FFBL Power Company Limited and Noon Pakistan Limited. The General Officer has 40 years of meritorious military career to his credit. A highly decorated officer with rich and varied experience of command, staff and instructional assignments. He is a graduate of Command and Staff College Quetta, Defence Services Command and Staff College Bangladesh and National Defence College (War Wing), now National Defence University, Islamabad.

He holds masters degree in Defence Studies and Political Science. The officer has vast international exposure including foreign training, assignments and appointment in United Nations Mission. Commanded a Corps and served as Chief of Logistics of Pakistan Army. The officer is held in high esteem for his operational planning and combat achievements. He has been on the faculty of National Defence University. As CEO and Deputy Chairman of Earthquake Reconstruction and Rehabilitation Authority (ERRA), he was engaged in planning and management of high profile construction and rehabilitation projects. In recognition of his outstanding services, was awarded Hilal-e-Imtiaz (Military) and Sitara-i-Basalat. Besides being Director and Chairman of Management Committee of Pakistan Maroc Phosphore (PMP), Morocco, he is also on the Board of following entities:-

- Foundation Wind Energy-I Limited
- Foundation Wind Energy-II (Pvt) Limited
- Askari Bank Limited

A 'Certified Director' who remains engaged in networking with leading professional Seminar organizers, most importantly, International Fertilizer Association (IFA), American Management Association (AMA), Dairy Business Association and FMB Fertilizers.

Lt Gen Shafqaat Ahmed

HI(M), (Retd), Director

He is Chief Executive & Managing Director of Fauji Fertilizer Company Limited, FFC Energy Limited and Fauji Fresh n Freeze Limited and also holds directorship on the Boards of following:

- Fauji Fertilizer Bin Qasim Limited
- Askari Bank Limited
- Fauji Foods Limited
- Fauji Meat Limited
- FFBL Power Company Limited
- Noon Pakistan Limited
- Pakistan Maroc Phosphore S.A.

He is Chairman of Sona Welfare Foundation (SWF) and Fertilizer Manufacturers of Pakistan Advisory Council (FMPAC). He is also member of the Board of Governors of Foundation University, Islamabad and Director on the Board of International Fertilizer Industry Association (IFA) as well.

The General was commissioned in Pakistan Army in October 1975. During his service in the Army, he had been employed on various prestigious command, staff and instructional assignments. Climax of his nearly four decades of military career was command of a strike corps.

He is a graduate of Command and Staff College Quetta, National Defence University Islamabad, Ecole d'Etat Major Compiegne, France and Ecole Militaire Paris, France. He also holds Masters Degree in War Studies and Class A Interpretership in French language from the National University of Modern Languages Islamabad and speaks French language fluently. He has attended "Finance for Non-Finance Managers" course from Chartered Institute of Management Accountants (CIMA) at London, UK in May 2015.

He had the honour of serving as Pakistan's Defence and Military Attaché to USA from 2002 to 2005 with concurrent accreditation to Canada and Argentina. He also served as Military Secretary to the President of Pakistan from 2005 to 2008. During this period he participated in number of international forums notably, UN General Assembly Inaugural Session of 2006, NAM Summit in Cuba, OIC Summit in Saudi Arabia, World Economic Forum Davos Switzerland, ECO Summit at Shanghai China. The General has participated in bilateral meetings alongwith the President of Pakistan with a number of Heads of State.

Served on the faculty of Command and Staff College Quetta and National Defence University Islamabad. Since his retirement, he is on the honorary faculty of National Defence University as a senior mentor. He also participated in the US-Pakistan Senior Military Leadership Seminar.

He has been awarded Hilal-e-Imtiaz (Military) and also conferred upon the award of 'Legion of Merit' by the US Government in promoting bilateral US-Pakistan military relations.

Mr Qaiser Javed

Director

Mr. Qaiser Javed is Fellow Member of Institute of Chartered Accountants of Pakistan and Fellow Member of Institute of Taxation Management of Pakistan having around 40 years of post qualification experience, joined Fauji Foundation in early 1976 and presently is working as Director Finance of Fauji Foundation and Chief Executive Officer of Daharki Power Holding Limited and Foundation Wind Energy Limited I & II. He has the honour of being member on Board of Directors of 22 Companies and one University including some big names like Fauji Fertilizer Company Limited, Fauji Fertilizer Bin Qasim Limited, The Hub Power Company Limited, Mari Petroleum Company Limited and Askari Bank Limited besides being CEO of an off-shore company having Asian Development Bank as co-equity holder. He is also the Chairman/Member of various Committees of the Board.

INVOLVEMENT/ENGAGEMENT IN OTHER COMPANIES AS CEO, DIRECTOR

• Fauji Foundation (Holding Company of FF Group)	Director Finance
• Foundation University	Director Finance
• Daharki Power Holdings Limited (An off-shore Company)	CEO
• Foundation Wind Energy-I Limited	CEO
• Foundation Wind Energy-II (Pvt) Limited	CEO
• Fauji Fertilizer Company Limited	Director
• Fauji Fertilizer Bin Qasim Limited	Director
• Mari Petroleum Company Limited	Director
• Fauji Cement Company Limited	Director
• Fauji Kabirwala Power Company Limited	Director
• Fauji Oil Terminal and Distribution Company Limited	Director
• Foundation Power Company Daharki Limited	Director
• Fauji Akbar Portia Marine Terminal Limited	Director
• Fauji Fertilizer Company Energy Limited	Director
• The Hub Power Company Limited	Director
• Laraib Energy Limited	Director
• Askari Bank Limited	Director
• Askari Cement Limited	Director
• FFBL Power Company Limited	Director
• Fauji Fresh n Freeze Limited	Director
• Fauji Foods Limited	Director
• Fauji Meat Limited	Director
• Fauji Infraavest Foods Limited	Director
• Noon Pakistan Limited	Director

Dr. Nadeem Inayat

Director

Dr. Nadeem Inayat is the Director Investment of Fauji Foundation. He holds a Doctorate in economics with rich and diversified domestic as well as international experience in the financial system of over 28 years. His work experience can be broadly categorized into corporate governance, policy formulation,deployment, project appraisal, implementation, monitoring & evaluation, restructuring and collaboration with donor agencies.

He has also conducted various academic courses on Economics, International Trade and Finance at reputable institutions of higher education in Pakistan.

As Director Investment he is managing the investment portfolio of Fauji Foundation Group. He is also on the Board of following entities:

Directorship in Public Listed Companies:
- Fauji Fertilizer Company Limited.
- Fauji Fertilizer Bin Qasim Limited.
- Askari Bank Limited.
- Fauji Cement Company Limited.
- Askari Cement Company Limited.
- Mari Petroleum Company Limited.
- Noon Pakistan Limited.

Directorship in Other Non-Listed Companies:
- Pakistan Maroc Phosphore S.A.
- Fauji Oil Terminal & Distribution Company Limited.
- Fauji Akbar Portia Marine Terminal Limited.
- DaharkiPower Holding Limited.
- Foundation Wind Energy I Limited.
- Foundation Wind Energy II (Pvt) Limited.
- FFBL Power Company Limited.
- Fauji Foods Limited.
- Fauji Meat Limited.
- Fauji Fresh n Freeze Limited.
- Fauji Infraavest Foods Limited.

He is also serving as a member of Board of Governors of Foundation University, Islamabad.

Profile of the Board

Maj Gen Syed Jamal Shahid

HI(M), (Retd), Director

Maj Gen Syed Jamal Shahid (Retired), was commissioned in the Corps of Electrical and Mechanical Engineers on 27 March 1981. Has vast experience of Command, Staff and Instructional appointments. A graduate of Command & Staff College Quetta and National Defence University Islamabad, also holds Bachelors Degree in Mechanical Engineering. Commanded an Electrical Mechanical Engineers Battalion, Composite Electrical Mechanical Engineers Workshop, College of Electrical Mechanical Engineering, APC Rebuild Factory and Logistics Area Multan.

Other major appointments are Directing Staff College of Electrical Mechanical Engineering, Command & Staff College and National Defence University. Overseas assignments include deployment in Kingdom of Saudi Arabia and Pakistan Army Technical Liaison Officer (United States of America). Retired as Director General Inspection & Technical Development at General Headquarters, Rawalpindi. Presently is member of Central Board of Directors of Fauji Foundation and following entities:

- Fauji Fertilizer Bin Qasim Limited
- Fauji Cement Company Limited
- Fauji Kabirwala Power Company Limited
- Foundation Wind Energy-I Limited
- Askari Cement Limited
- Fauji Foods Limited
- Fauji Meat Limited
- FFBL Power Company Limited

Maj Gen Nasir Mahmood

HI(M), (Retd), Director

Maj Gen Nasir Mahmood (Retired) is Director Welfare (Education) of Fauji Foundation. He is a graduate of Pakistan Staff College, Joint Services Staff College and National Defence University Islamabad. Is a highly experienced ex Army pilot both on Fixed Wing as well as helicopters. Besides, he has held various Command and Staff appointments in the Army. His important assignments were Director General and Commander Army Aviation. He also served as Director General National Accountability Bureau (Punjab) and as Additional Secretary Ministry of Defence Production while on secondment to civil Government.

He remained on the Board of Directors of Karachi Shipyard and Pakistan Aeronautical Complex from 2009 to 2011. In recognition of his meritorious services, he was awarded Sitara–e-Imtiaz (Military) and Hilal-e-Imtiaz (Military). Besides Fauji Fertilizer Bin Qasim Limited, he is also a member of Board of Directors of:

- Fauji Foods Limited
- Fauji Meat Limited
- Fauji Oil Terminal and Distribution Company Limited

Maj Gen Muhammad Farooq Iqbal

HI(M), (Retd), Director

Maj Gen Muhammad Farooq Iqbal (Retired) is Director Banking, Industries and Trading at Fauji Foundation. He is Advisor to Chairman Askari Bank Limited. Looks after wholly-owned industrial/commercial projects of Fauji Foundation including Fauji Cereals, Fongas, Overseas Employment Services and Nukerji Farms and is a member of Board of Governors of Foundation University Islamabad. He also holds the Directorship of following entities:-

- Fauji Fertilizer Company Limited
- Fauji Fertilizer Bin Qasim Limited
- Fauji Cement Company Limited
- Foundation Power Company Daharki Limited
- Askari Cement Limited

He holds Masters degree in International Defence and Strategic Studies from Quaid–i-Azam University, Islamabad. He has attended Defence Management Course c/o Cranfield University School of Management UK. He also holds Financial Management Diploma from Lahore University of Management Sciences (LUMS) and Certified Quality Management from National University of Science and Technology (NUST) Islamabad. In addition to Financial Management, he has also obtained diplomas in Logistics and Material Management and Human Resources Management from Institute of Business Administration Karachi (IBA)/Allama Iqbal Open University. He is a Fellow of The Chartered Institute of Logistics and Transport, UK. He has also been awarded Hilal-e-Imitiaz (Military) in recognition of his services.

Brig Raja Jahanzeb

SI (M), (Retd), Director

Brig Raja Jahanzeb (Retired) is Director Human Resources & Administration of Fauji Foundation. He is graduate of National Defence University Islamabad & Command and Staff College Quetta. He served on varied command and staff appointments in Army and United Nations Headquarters New York. He is a member of Board of Directors of Fauji Foundation including Pakistan Maroc Phosphore S.A, Fauji Fertilizer Bin Qasim Limited and Noon Pakistan Limited.

Naved A. Khan

Director

Naved A. Khan has over 30 years of work experience with 27 years of broad based banking experience. He has very recently set up a Foundation after his late wife by the name of Sharmeen Khan Memorial Foundation. Prior to this he served as the President & Chief Executive Officer of Faysal Bank Limited and ABN Amro Bank, Pakistan Limited. He also served in senior management positions in Bank of America, Pakistan.

He holds a Bachelor of Science Degree from Indiana University, USA and a Masters of Business Administration degree from Butler University, USA.

Naved A. Khan is a certified director from Pakistan Institute of Corporate Governance.

Currently serving as:

- Chief Executive of Sharmeen Khan Memorial Foundation.
- Member of the Board of Karachi Shipyard and Engineering Works.
- Member of the Board of Fauji Fertilizer Bin Qasim Limited.
- Member of the Board of Dubai Islamic Bank.
- Member of the Board of Sharmeen Khan Memorial Foundation.

Key Positions held:

- President & CEO of ABN Amro Bank from 2001 to 2008.
- President & CEO of Faysal Bank Limited from 2008 to 2014
- President of Overseas Investors Chambers of Commerce and Industry (OICCI) for the year 2011.
- Chairman of Pakistan Banks Association for the year 2006 & 2007.
- Chairman of Pakistan Banks Association Sub Committee of Consumer Finance
- Chairman of the Board of Directors, Faysal Asset Management Limited for the year 2014
- Chairman of Academic Board, Institute of Bankers Pakistan from 2008 to 2014.
- President of Rotary Club of Karachi Metropolitan for the year 2008.
- Vice President of Institute of Bankers Pakistan from 2008 to 2014.
- Member of the 'Institute of Bankers' Council from 2007 to 2014

Nasier A. Sheikh

Director

Mr Nasier A. Sheikh is Law Graduate and 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 SEVP in Askari Bank Limited, before taking over another group Company of AWT, Askari Leasing Limited 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/ Chairman of Audit Committee of Askari Insurance Limited another group Company of AWT. In Feb 2008, he was appointed as Administrator of Natover Leasing Limited by SECP, after superseding its Board of Directors, and restrained the CEO of the Company under Sec. 282 of Companies Ordinance 1984, to run the affairs of the Company, a task he performed successfully till Feb, 2010. In addition to being a Director on the FFBL Board, he is also the Chairman of Audit Committee.

Say No To Corruption

Profile of the Board

Dr Rashid Bajwa

Director

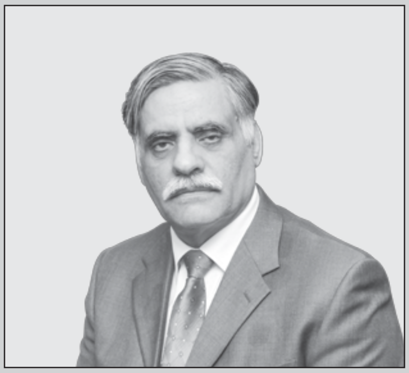
Dr Rashid Bajwa is a MBBS, Gold Medalist and College color holder of King Edward Medical College as well as distinction with HM Queen's commendation in MPH Nuffield Institute for Health, University of Leeds, UK. He is also MD, ECFMG, USA. He has professional experience of development specialist with experience of nonprofit corporate sector and Government. He is founding member of the organization NRSP Microfinance Bank. He is Chief Executive Officer, National Rural Support Programme (NRSP) 1996 to date. Worked as Senior Advisor of Khushaali Bank Pakistan from 2000 to 2003. Also working as a Director with different Non-Profit Organizations. He is Ex Member of Civil Service of Pakistan (DMG) 1986 to 1993, worked at all levels of the Government viz Deputy Chief, Planning & Development, Northern Areas and Assistant Commissioner/ Deputy Commissioner from 1988 to 1993. Joined FFBL as a Director with effect from 26th Aug 2010. He is also director of Noon Pakistan Limited.

Syed Aamir Ahsan

Chief Financial Officer /
Group General Manager (Finance)

Currently serving as Chief Financial Officer/ Group General Manager (Finance) in FFBL. He is a graduate from the University of South Florida and Certified Public Accountant (CPA) from the University of Illinois, USA. He has a rich professional experience of over 29 years with 22 years in fertilizer business in Pakistan. After returning from USA, he joined Engro Chemical Pakistan Limited and served with them in various capacities from 1993 to 2002. He joined FFBL in 2002 and in his role as Chief Financial Officer, he successfully managed financial restructuring of FFBL with GoP in his early days with the Company and all financial feasibilities and project phase of Pakistan Maroc Phosphore, S.A (PMP). He has extensive experience of managing finances, budget, tax planning, investor relations and audits. He also plays a leading role in the information technology (IT), operations, and HR teams. He has been extensively involved in various diversification projects of FFBL in the areas of Coal Power, Meat and Dairy. He is on the Board of following entities:-

- Fauji Meat Limited
- Fauji Foods Limited
- FFBL Power Company Limited



Brig Muhammad Azam

SI(M), (Retd), Company Secretary

Brig Muhammad Azam (Retired) was commissioned in the Army on 23 October 1981. The Brigadier had a distinguished career of 33 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. Besides commanding a brigade, he has the privilege of commanding a multinational brigade in Democratic Republic of the Congo under UN auspices. He has also been Director General of Airports Security Force. In recognition of his outstanding services, he has been awarded Sitara-e-Imtiaz (Military). He joined FFBL on 3 October 2014.

Notice of Annual General Meeting

Notice is hereby given that the 22nd Annual General Meeting of the shareholders of Fauji Fertilizer Bin Qasim Limited will be held at 1100 hrs on 08 March 2016 at Pearl Continental Hotel, Rawalpindi, to transact the following businesses:

ORDINARY BUSINESS

1. To confirm the minutes of Extraordinary General Meeting held on 01 June 2015.
2. To receive, consider and approve the Audited Accounts of the Company (separate and consolidated) together with the Directors' and the Auditors' reports for the year ended 31 December 2015.
3. To appoint auditors of the Company to hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration. The retiring auditors have offered themselves for re-appointment. A notice has been received from a member in terms of Section 253(2) of the Companies Ordinance, 1984 recommending appointment of M/s Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants as Auditors, other than the retiring Auditors, of the Company.
4. To approve payment of final dividend for the year ended 31 December 2015 as recommended by the Board of Directors.

SPECIAL BUSINESS

5. To pass the following resolutions as Special Resolution with or without any amendments, modifications or alterations:

   RESOLVED THAT the registered office of the Company be changed from the Province of Punjab i.e. from 73-Harley Street, Rawalpindi to the Islamabad Capital Territory i.e. to Building No. C1/C2, Sector B, Jinnah Boulevard, Phase II, DHA Islamabad.

   FURTHER RESOLVED THAT Clause II of the Memorandum of Association of the Company be substituted as follows:

   "The Registered Office of the Company will be situated in the Islamabad Capital Territory."

6. **RESOLVED THAT** the approval of the members of the Company be and is hereby accorded in terms of Section 208 of the Companies Ordinance, 1984 and the Company be and is hereby authorized to invest in Noon Pakistan Limited ("NPL") by subscribing to 38,532,514 Ordinary Shares at a price of Rs. 29.78 each, offered as right shares to the Company by NPL as part of the right issue announced by NPL on December 21, 2015 and, in addition, to such further Rights to Ordinary Shares as may be offered/renounced by other shareholders of NPL in the said rights issue, provided that the aggregate amount to be invested in the Shares of NPL by the Company under the authority of this Resolution shall not exceed the sum of PKR 1.45 Billion.

   RESOLVED THAT the approval of the members of the Company be and is hereby accorded in terms of Section 208 of the Companies Ordinance, 1984 and the Company is authorized to further invest in NPL by acquiring a total of 3,663,758 non-voting ordinary shares from certain shareholders of NPL and by acquiring and subscribing to the associated rights shares (i.e., approx. 11,767,991 ordinary shares) announced by NPL on December 21, 2015, provided that the aggregate amount to be invested in the Shares of NPL by the Company under the authority of this Resolution shall not exceed the sum of PKR 1.1 Billion, in addition to the investment of up to PKR 1.45 Billion authorized by the preceding Resolution above.

   FURTHER RESOLVED THAT the Managing Director, Company Secretary and Chief Financial Officer, or such one or more other persons as the

Say No To Corruption

Notice of Annual General Meeting

Managing Director may from time to time specially designate for the purpose, be and are hereby authorized to singly or jointly take any and all actions necessary or conducive for such investment in NPL or in implementation thereof, including, without limitation to the generality of the foregoing, by issuing all such notices and making all such filings, declarations and undertakings as may be necessary or conducive for and in connection with any of the foregoing matters.

7. **RESOLVED THAT,** the approval of the members of the Company be and is hereby accorded in terms of Section 208 of the Companies Ordinance, 1984 and the Company be and is authorized to (i) secure the project financing ("Project Financing") being provided to FFBL Power Company Limited ("FPCL") by a syndicate of financiers led by National Bank of Pakistan (the "Financiers"); (ii) meet any cost overruns and shortfalls; and (iii) provide such further funds as may be required from time to time;

   FURTHER RESOLVED THAT the Company be and is hereby authorized to implement the Sponsor Support Agreement on such terms and conditions as maybe negotiated by the authorised representatives for implementing the above resolution;

   FURTHER RESOLVED THAT the Company may pledge the shares held by the Company in the paid up and issued capital of FPCL, for securing the Project Financing as per the terms negotiated and agreed between the authorized representative of the Company and the Financiers in accordance with the Letter of Pledge dated 31 December 2015;

   FURTHER RESOLVED THAT in the event that a demand for foregoing payments is made the approval of the members of the Company be and is hereby accorded in terms of Section 208 for the demanded amount either by way of subscription for shares at the rate of Rs. 10 per share or by treating such amount as subordinated debt, on terms and conditions to be agreed in writing between the Company, FPCL and the Syndicate provided that the total investment to be made by the Company in FPCL under the authority of this Resolution shall not exceed PKR 35 Billion over the course of 12 years from the date hereof and provided, further, that, in case, and to the extent that, the investment is made in the form of subordinated debt, the rate of mark-up to be charged to FPCL with respect thereto shall not be less than the Company's borrowing cost;

   FURTHER RESOLVED THAT each of Lt Gen Muhammad Haroon Aslam, HI(M), S.Bt, (Retd), Chief Executive & Managing Director, Syed Aamir Ahsan, Chief Financial Officer be and are hereby authorized to take such other steps and execute such other documents, deeds and undertakings as may be necessary or expedient for the purpose of giving effect to the above resolutions concerning FPCL;

   FURTHER RESOLVED THAT the Company Secretary be and is hereby authorized to fulfill all requisite legal, procedural and corporate formalities for giving effect to above resolutions.

Other Business

8. Any other business with the permission of the Chairman.

By Order of the Board
Fauji Fertilizer Bin Qasim Limited

Brig Muhammad Azam, SI(M), (Retd)
Company Secretary
15 February 2016
Rawalpindi

Statement under Section 160 of the Companies Ordinance, 1984

Investment in Noon Pakistan Limited

Noon Pakistan Limited ("NPL"/"Company") was incorporated in 1966 as a Public Company with paid up capital of PKR 115.2 million and total investment of PKR 553 million. NPL commenced its operations in June 1972 and its products are marketed under the brand name of 'Nurpur'.

Fauji Fertilizer Bin Qasim Limited ("FFBL"), in line with its strategy to diversify its businesses and viewing the unfulfilled potential of Nurpur, announced in 2014 its intention to buy majority stake in NPL. Noon group sponsors, thus, signed an agreement with Fauji Fertilizer Bin Qasim Ltd and Fauji Foundation for sale of majority stake in NPL.

FFBL acquired 38.25% and Fauji Foundation acquired 12.75% voting and non-voting shares of NPL in September 2015.

The new NPL Board of Directors have appointed Chief Executive Officer, Chief Financial Officer and Head of Internal Audit. Further, they are also taking steps to improve the financial condition and operations of NPL.

NPL in its board meeting held on December 21, 2015 announced a right issue of 321.2% per share at a premium of Rs 19.78. The purpose of right issue is to expand production capacity, modernize the plant and improve liquidity of the Company. The management of NPL has also planned a BMR of Rs 8 billion out of which around 37.5% of the required funds will be financed through right issue and the remaining would be financed through financing from financial institutions. Through the BMR the current capacity of UHT plant will be enhanced from 128,000 LPD to 608,000 LPD. Further, the existing product lines will also be strengthened by improving quality, design and availability.

NPL is currently suffering from loss. The Company revenue is estimated at Rs 2 billion which after the proposed BMR will enhance to Rs 30 billion by 2020. NPL Board is committed to improve the financial condition of NPL.

In addition to above, the FFBL Board of Directors expects a healthy growth in the financial condition of the Company in the future years. Accordingly, the Board of Directors of FFBL has (subject to shareholder and regulatory approvals) decided to subscribe 100% of the right offered. Further, they are also willing to subscribe the renounced rights shares and buy further shares from the market (including the non-voting ordinary shares and related right shares offered by certain shareholders of NPL) to the extent of the total amount for which the approval of the members of FFBL is being sought. The Directors have carried out due diligence and the due diligence report will be available for inspection by the members on the day of the general meeting.

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Information pursuant to Section 3 (a), Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

Information Required	Information Provided
Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Noon Pakistan Limited Fauji Fertilizer Bin Qasim Limited (FFBL) owns 38.25% of voting share capital and non-voting share capital of NPL.
Maximum amount of investment	FFBL being the primary sponsor has undertaken to subscribe 100% of right allotted by NPL. In addition to right shares, FFBL plans to acquire shares/associated right shares of up to Rs 1.45 Billion. Furthermore, FFBL plans to acquire non-voting ordinary shares from certain shareholders of NPL (and subscribe to the associated right shares) in the amount of upto Rs. 1.1 Billion. The total investment in NPL is, thus, Rs 2.55 Billion.
Purpose, benefits and period of investment	The purpose of right issue is to expand production capacity, modernize the plant and improve liquidity of the Company. NPL is currently suffering from loss. NPL EPS is expected to increase to Rs. 6.28 by the end of 2020. The period of investment is indefinite.
Maximum price at which securities will be acquired	Right shares will be acquired at Rs. 29.78 per share including premium of Rs 19.78. Non-Voting shares (including associated rights) will be acquired at Rs. 183.40 per share i.e. prevalent market price at the time of offer.
Maximum number of securities to be acquired	FFBL will acquire approx. 38,532,514 shares offered as right shares to FFBL in addition to acquisition of 3,663,758 non-voting ordinary shares (including associated approx. 11,767,991 shares offered as right shares to original shareholders) and acquisition from market/renounced shares, if any, whose maximum number is not known at this stage as it depends on the market price at the time of acquisition but, in any case, FFBL's investment will not exceed the aggregate amount (Rs. 2.55 Billion) for which approval is sought.
Number of securities and percentage thereof held before and after the proposed investment	FFBL has 4,498,659 voting and 7,497,765 non-voting ordinary shares of NPL, constituting 38.25% of the total issued and paid-up voting and non-voting ordinary shares of NPL. After proposed investment the number would be at least approx. 54,799,162 voting shares and 11,161,523 non-voting ordinary shares of NPL constituting 49.93 of the total issued and paid-up voting and non-voting ordinary shares of NPL.
In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	Voting share Rs. 287.83 and Non-voting share Rs. 206.52

In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	N/A
Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	7.43 per share based on audited financial statements as at December 31, 2015 (equity includes surplus on revaluation of property, plant and equipment)
Earnings per share of the associated company or associated undertaking for the last three years	Year — Earnings / (loss) Per share June 30, 2013 — (9.18) June 30, 2014 — (7.02) June 30, 2015 — (11.75) December 31, 2015 — (3.38)
Sources of fund from which securities will be acquired	Self-Generated funds
Where the securities are intended to be acquired using borrowed funds,- (I) justification for investment through borrowings; and (II) detail of guarantees and assets pledged for obtaining such funds;	N/A
Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	N/A
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Fauji Foundation (shareholder of FFBL), also holds 12.75% of voting and non-voting shares of NPL. Following directors of NPL are also on the board of FFBL: - Lt Gen Khalid Nawaz Khan HI(M), Sitara-i-Esar, (Retd) - Lt Gen Muhammad Haroon Aslam HI(M), S.Bt, (Retd); - Lt Gen Mr. Shafqaat Ahmed HI(M), (Retd) - Dr. Nadeem Inayat; & - Mr. Qaiser Javed
Any other important details necessary for the members to understand the transaction	When NPL was acquired in 2015 it was understood that NPL will need financial support in order to turn around its business results, improve market share, production capacity and products' quality. Furthermore, FFBL offered to acquire additional 10.23% from general public but no one opted to sell at offer price. Now FFBL has got opportunity to increase voting rights and investment in NPL. Therefore, shareholder approval is required to increase its investment in NPL. .
In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely,- (I) description of the project and its history since conceptualization; (II) starting and expected date of completion of work; (III) time by which such project shall become commercially operational; and (IV) expected time by which the project shall start paying return on investment;	N/A

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Notice of Annual General Meeting

Statement under Section 160 of the Companies Ordinance, 1984

Investment in FFBL Power Company Limited

FFBL currently has in-house power generation facility which runs on natural gas. Natural gas is required in large volumes by FFBL for the purpose of both feedstock and fuel to operate various ancillary equipment of the fertilizer plant including power generation. Taking a long term view, FFBL decided to develop new coal fired power generation project by incorporating a subsidiary under the name of FFBL Power Company Limited ("FPCL") as Special Purpose Vehicle for setting up an approximately 118 MW Coal Fired Power Plant (the "Project"). The Project shall supply electricity to K-Electric and FFBL Karachi along with supply of steam to the latter on need basis. The conserved natural gas (around 21 MMSCFD) shall enhance the fertilizer production of FFBL. The Board of Directors of FFBL in its 100th Meeting held on October 25, 2013 accorded the approval of the Project.

FPCL approached K-Electric for acquisition of power. In view of power shortage in the city, K-Electric considered the offer of FPCL and submitted a Power Acquisition Request ("PAR") with NEPRA in accordance with Interim Power Procurement Regulations (IPPR) 2005. NEPRA awarded Tariff determination on 29th December 2015.

The total project cost of FPCL is estimated to be US$ 265 Million, equivalent to PKR 29,150 Million (PKR Twenty Nine Billion One hundred and Fifty Million Only), which shall be financed through a debt to equity ratio of 75:25. FFBL and Fauji Foundation ("FF") are the shareholders of FPCL, each representing 75% and 25% share capital of FPCL respectively. The financing of the project (up to Rs. 21,863 Million) has already been arranged through consortium of local banks. However, the disbursements are subject to fulfillment of certain condition precedents.

FPCL has entered into various financing and security documents. As part of the security package to secure the financing under Project Finance, FFBL (the principal sponsor) is required to provide one or more guarantee(s) from time to time provided:

a. the amount guaranteed till the achievement, by FPCL, of the Commercial Operations Date/ Technical Completion Date as defined in the financing documents (i) with respect to the FPCL Project Financing shall not exceed the amount of project financing of PKR 21,863 million (PKR Twenty One Billion Eight Hundred and Sixty Three Million only) together with 25% margin and any outstanding markup in aggregate and (ii) any cost overruns;

b. for the period between the Technical Completion Date up to Project Completion Date (i) guarantee to provide such further funds as may be required from time to time to meet any operating cost overruns and shortfalls and (ii) guarantee to cover Project Financing shall not exceed PKR 8,000 million (PKR Eight Billion only) in aggregate;

c. the amount guaranteed under Project Financing after achievement of Project Completion Date and only in case of termination of any off-take agreement (KE-Power Purchase Agreement, FFBL- Power Purchase Agreement and Steam Supply Agreement) in case of FPCL default under the financing documents shall not exceed PKR 8,000 million (PKR Eight Billion only) in the aggregate;

d. Shares representing 75% of the paid up capital of FPCL, owned by FFBL, from time to time, shall be pledged with the financiers/security trustee of the Project Company till the achievement of Project Completion Date and thereafter shares not exceeding 38.25% of the paid up capital of FPCL, owned by FFBL, shall remain pledged.

FPCL is expected to achieve Commercial Operation by the first quarter of year 2017. The Directors have carried out due diligence and the due diligence report will be available for inspection by the members on the day of the general meeting.

Information pursuant to section 3 (a), Companies (Investment in Associated companies or Associated undertakings) Regulation, 2012

Guarantee against Cost overruns – if demanded for payment is deemed equity

Information Required	Information Provided
Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	FFBL Power Company Limited ("FPCL") FFBL owns 75% of share capital of FPCL.
Maximum amount of investment	FFBL is obliged to pay the cost overruns amount in cash, by way of subscription of FPCL shares. In case of investment by way of subscription of FPCL shares: a. The amount guaranteed till the achievement, by FPCL, of the Commercial Operations Date/Technical Completion Date as defined in the financing documents (i) with respect to the FPCL Project Financing shall not exceed the amount of project financing of PKR 21,863 million (PKR Twenty One Billion Eight Hundred and Sixty Three Million only) together with 25% margin and any outstanding markup in aggregate and (ii) any cost overruns; b. For the period between the Technical Completion Date up to Project Completion Date (i) such further funds as may be required from time to time to meet any operating cost overruns and shortfalls and (ii) amount contributed to cover Project Financing shall not exceed PKR 8,000 million (PKR Eight Billion only) in aggregate; and
	c. The amount contributed under Project Financing after achievement of Project Completion Date and only in case of termination of off-take agreements in case of FPCL default under the financing documents shall not exceed PKR 8,000 million (PKR Eight Billion only) in the aggregate.
Purpose, benefits and period of investment	The main purpose of the project is to meet FFBL's existing Power and Steam Requirement, divert the conserved natural gas (around 21 MMSCFD) to enhance fertilizer production and to sell power under a long term arrangement to K-Electric. The project life is 30 years. IRR of the project is expected to be 18.38%.
Maximum price at which securities will be acquired	Rs. 10 per share.

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Maximum number of securities to be acquired	Number of securities will be calculated by determining the value of funds injected on date of subscription and dividing it by Rs. 10.
Number of securities and percentage thereof held before and after the proposed investment	FFBL has already been allotted 516,750,000 shares @ Rs. 10 per share. In terms of investment, the number of securities will depend upon the funds injected at the time of subscription, if any, into FPCL.
In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	N/A
In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Rs. 10 per share being latest offer price
Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	Rs. 9.91
Earnings per share of the associated company or associated undertaking for the last three years	Year Earnings / (loss) Per share 2014 (210) 2015 (0.06)
Sources of fund from which securities will be acquired	N/A
Where the securities are intended to be acquired using borrowed funds; (I) justification for investment through borrowings; and (II) detail of guarantees and assets pledged for obtaining such funds;	N/A
Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment	Please see preamble above
Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Fauji Foundation is one of the sponsors of FPCL and is also an associate concern of FFBL as it holds directly 18.29% of paid up share capital of FFBL. Following directors of FPCL are also on the board of FFBL: - Lt Gen Khalid Nawaz Khan HI(M), Sitara-i-Esar, (Retd) - Lt Gen Muhammad Haroon Aslam HI(M), S.Bt, (Retd); - Lt Gen Mr. Shafqaat Ahmed HI(M), (Retd) - Dr. Nadeem Inayat; & - Mr. Qaiser Javed - Maj Gen Syed Jamal Shahid, HI(M) (Retd)
Any other important details necessary for the members to understand the transaction	None

In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely; (I) description of the project and its history since conceptualization; (II) starting and expected date of completion of work; (III) time by which such project shall become commercially operational; and (IV) expected time by which the project shall start paying return on investment;	The company was incorporated in June 2014. However, work on the project was started in April 2015. The project is expected to complete and start commercial operations by first quarter of year 2017. The company will start paying return from the year 2017 after its commissioning. For further information please see preamble above.

Notice of Annual General Meeting

Information pursuant to section 3 (b), companies (Investment in Associated companies or Associated Undertakings) Regulations, 2012

Guarantee against Cost overruns – if demanded for payment is deemed subordinated debt

Information Required	Information Provided
Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	FFBL Power Company Limited Fauji Fertilizer Bin Qasim Limited owns 75% of share capital of FPCL.
Amount of loans or advances	FFBL is obliged to pay cost overruns amount in cash, by way of subordinated debt to FPCL. In case of subordinated debt to FPCL: 1) The amount guaranteed till the achievement, by FPCL, of the Commercial Operations Date/Technical Completion Date as defined in the financing documents (i) with respect to the FPCL Project Financing shall not exceed the amount of project financing of PKR 21,863 million (PKR Twenty One Billion Eight Hundred and Sixty Three Million only) together with 25% margin and any outstanding markup in aggregate and (ii) any cost overruns; 2) For the period between the Technical Completion Date up to Project Completion Date (i) such further funds as may be required from time to time to meet any operating cost overruns and shortfalls and (ii) amount contributed to cover Project Financing shall not exceed PKR 8,000 million (PKR Eight Billion only) in aggregate; and 3) The amount contributed under Project Financing after achievement of Project Completion Date and only in case of termination of off-take agreements in case of FPCL default under the financing documents shall not exceed PKR 8,000 million (PKR Eight Billion only) in the aggregate.
Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances	The main purpose is to develop the project so as to meet the FFBL's existing Power and Steam Requirement, divert the conserved natural gas (around 21 MMSCFD) to enhance fertilizer production and to sell power under a long term arrangement to K-Electric. IRR of the project is expected to be 18.38%.
In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof	N/A

Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements	As at December 2015 Total Assets: 14,710 Million Liabilities: 7,482 Million Equity: 7,228 Million Profit / (loss) for the year: (38) Million
Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period	3 Months KIBOR + 0.50%
Rate of interest, mark up, profit, fees or commission etc. to be charged	Higher or equivalent to markup payable by company on its borrowing of like or similar maturities at the time of disbursement.
Sources of funds from where loans or advances will be given	N/A
Where loans or advances are being granted using borrowed funds; (I) justification for granting loan or advance out of borrowed funds; (II) detail of guarantees / assets pledged for obtaining such funds, if any; and (III) repayment schedules of borrowing of the investing company	N/A
Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any	Not Applicable
If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	Not Applicable
Repayment schedule and terms of loans or advances to be given to the investee company	To be finalized with the lenders at the time (and if) a loan is required to be extended. However, it is expected that the rate of mark-up charged will not be less than the borrowing cost of FFBL and that the term of FFBL's loan to FPCL will be at least as long as the loan / finances to be provided by lenders which is 10-12 years from the date of effectiveness of their loan agreement. Repayment of both the principal and markup payable by FPCL will be subordinated to principal/markup/interest and other payment due to lenders under their financing documents.
Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	Please see preamble above

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Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Fauji Foundation is a sponsor of FPCL and is also an associate concern of FFBL as it holds directly 18.29% of paid up share capital of FFBL. Following directors of FPCL are also on the board of FFBL: - Lt Gen Khalid Nawaz Khan HI(M), Sitara-i-Esar, (Retd) - Lt Gen Muhammad Haroon Aslam HI(M), S.Bt, (Retd); - Lt Gen Mr. Shafqaat Ahmed HI(M), (Retd) - Dr. Nadeem Inayat; & - Mr. Qaiser Javed - Maj Gen Syed Jamal Shahid, HI(M) (Retd)
Any other important details necessary for the members to understand the transaction; and	None
In case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely,- (I) a description of the project and its history since conceptualization; (II) starting date and expected date of completion; (III) time by which such project shall become commercially operational; (IV) expected return on total capital employed in the project; and (V) funds invested or to be invested by the promoters distinguishing between cash and non-cash amounts.	The company was incorporated in June 2014. However, work on the project was started in April 2015. The project is expected to complete and start commercial operations by first quarter of year 2017. The company will start paying return from the year 2017 after its commissioning. For further information please see preamble above.

Share transfer books of the Company will remain closed from 02 to 08 Mar 2016 (both days inclusive) for the purpose of holding the Annual General Meeting.

NOTES:-

1. Share transfer books of the Company will remain closed from 02 to 08 Mar 2016 (both days inclusive) for the purpose of holding the Annual General Meeting.

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 duly stamped and signed not later than 48 hours before the time of holding meeting. A member cannot appoint more than one proxy. Attested copy of shareholder's 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 contained in Circular No. 1 of 2000 dated 26 January:-

(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. As per clear direction of SECP, CNIC number is mandatory for the issuance of dividend warrant. The shareholders, who have yet not submitted copy of their CNIC, are once again requested to submit the copy of their valid CNIC to our shares registrar.

6. In order to transfer the amount of dividend directly into bank accounts, shareholders are requested to provide detail of bank account (CDC account holders to their respective members and physical shareholders to Company or our Shares Registrar).

7. Vide SRO No. 787(1)2014 dated 08 September, 2014, SECP has allowed companies to circulate

audited financial statements and notice of AGM to shareholders through their email addresses subject to the written consent of the shareholders. Shareholders who wish to receive annual reports and notice of AGM through e-mail are requested to provide, through a letter duly signed by them, their particulars, i.e. Name, Folio/ CDC A/C No., E-mail Address, Contact Number, CNIC Number (attach copy). Shareholders are also requested to notify immediately any change in their e-mail address to the Share Registrar of the Company M/s Corplink (Pvt) Ltd, Wings Arcade, 1-K, Commercial, Model Town, Lahore.

Deduction of Withholding Tax on Dividend Amount

The Government of' Pakistan has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a)	For filers of income tax returns :	12.5%
(b)	For non-filers of income tax returns :	17.5%

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 17.5%, all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @17.5% instead @12.5%.

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or our Share Registrar i.e. M/s Corplink (Pvt) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

As per FBR's Circular No. 1(29)WHT/2006 dated June 30,2010 and C.No.1(43)DG (WHT)/2008-Vol-II.66417-R Dated May 12, 2015 the valid exemption certificate is mandatory to claim exemption of withholding tax under Section 150 of the Income Tax Ordinance 2001(tax on dividend amount) where the statutory exemption under Clause 47B of Part- IV of Second Schedule is available. Those who want to avail exemption under Section 150 of the Income Tax Ordinance 2001 and fall in the category mentioned in above Clause must provide valid Tax Exemption Certificate to our Shares Registrar otherwise tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.

For shareholders holding shares jointly, as per the clarification of Federal Board of Revenue, withholding tax will be determined separately on "Filer/Non-filer" status of Principal shareholder as well as joint-holders based on their shareholding proportion in case of joint accounts. Therefore all shareholders who hold shares jointly are requested to provide shareholding proportion of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Shares Registrar in writing, as follows:

Folio/CDC A/c No	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC #	Shareholding	Name and CNIC # Proportion (No of Shares)	Shareholding Proportion (No of Shares)

The above required information must be provided to our Shares Registrar otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint-holder(s).

For any query/problem/information, the investors may contact the company and/or the Share Registrar at the following phone Numbers and email address:

Fauji Fertilizer Bin Qasim Limited
73-Harley Street, Rawalpindi.
Phone No 051 9272196-7, E-mail: shares@ffbl.com

Shares Registrar:
M/s Corplink (Pvt) Ltd, Wings Arcade, 1-K, Commercial, Model Town, Lahore,
Phone No 042 35839182, 35916719, E-mail: corplink786@yahoo.com

Consent for Video Conference Facility

Members can also avail video conference facility in Karachi and Lahore. In this regard please fill the following and submit to registered address of the Company 10 days before holding the general meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

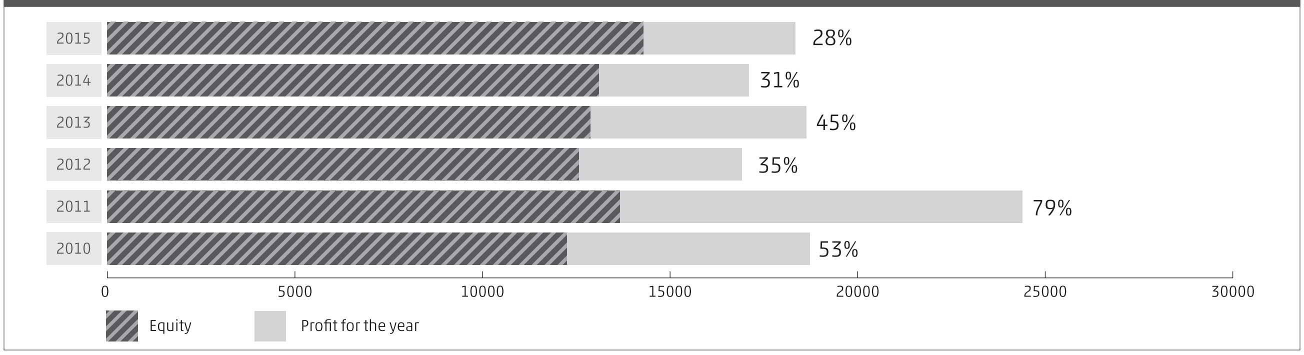
The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting alongwith complete information necessary to enable them to access such facility.

I/We,____ of ___________________________, being a member of Fauji Fertilizer Bin Qasim Limited, holder of ______________________ Ordinary Share(s) as per Register Folio / CDC Account No ____________________ hereby opt for video conference facility at ____________________.

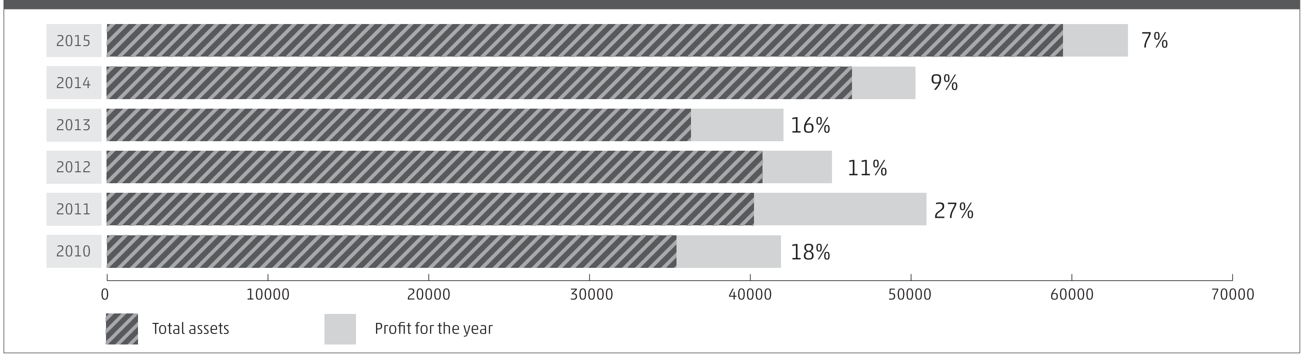
____
Signature of member

Financial Highlights

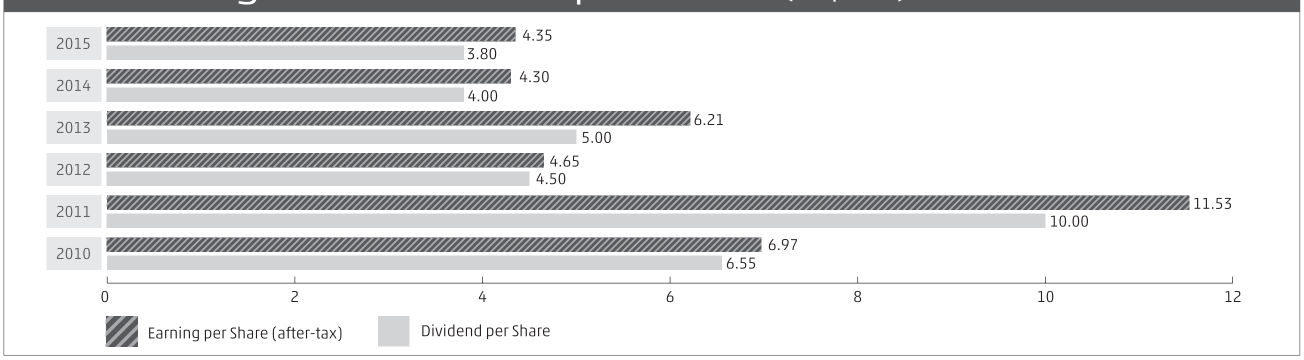
Return on Equity (Percentage)



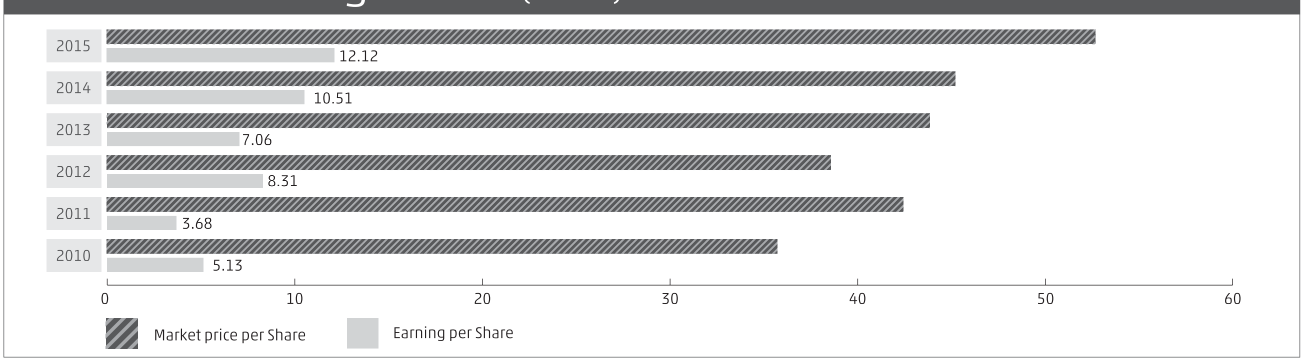
Return on Total Assets (Percentage)



Earnings and Dividend per Share (Rupees)



Price Earnings Ratio (Times)



Say No To Corruption

Financial Highlights

FINANCIAL PERFORMANCE		2015	2014	2013	2012	2011	2010
Profitability Ratios							
Gross profit ratio	(%)	13.83	22.43	26.65	23.92	36.00	31.12
EBITDA margin to sales	(%)	16.58	17.14	21.01	20.18	33.28	27.59
Operating leverage ratio		0.18	0.25	0.28	3.65	2.14	2.59
Net profit to sales	(%)	7.78	8.12	10.65	9.06	19.27	15.06
Return on equity	(%)	28.44	30.73	45.15	34.57	78.96	53.35
Return on capital employed	(%)	17.17	17.41	43.18	31.48	63.80	40.46
Liquidity Ratios							
Current ratio	(Times)	0.89	1.10	0.73	1.00	1.17	1.19
Quick / Acid test ratio	(Times)	0.67	0.90	0.56	0.70	0.90	0.98
Cash and cash equivalent to current liabilities	(Times)	0.41	0.72	0.40	0.44	0.34	0.91
Cash flow from operations to sales	(%)	(0.12)	17.20	18.25	3.01	14.95	17.08
Activity / Turnover Ratios							
Inventory turnover	(Times)	14.73	28.55	13.30	8.80	15.29	23.86
Inventory turnover	(Days)	25	13	27	42	24	15
Debtors turnover	(Times)	41.90	32.21	26.74	11.67	31.03	58.87
Debtors turnover	(Days)	9	11	14	31	12	6
Creditors turnover	(Times)	5.27	6.00	6.83	5.12	6.53	8.58
Creditors turnover	(Days)	69	61	53	72	56	43
Total assets turnover	(Times)	0.88	1.07	1.50	1.18	1.39	1.22
Fixed assets turnover	(Times)	4.30	4.05	4.17	3.46	3.86	2.94
Operating cycle	(Days)	(36)	(37)	(12)	1	(20)	(22)
Investment / Market Ratios							
Earnings per share (pre-tax)	(Rs)	5.76	6.19	9.14	6.93	17.31	10.37
Earnings per share (after-tax)	(Rs)	4.35	4.30	6.21	4.65	11.53	6.97
Price earning ratio	(Times)	12.12	10.51	7.06	8.31	3.68	5.13
Dividend yield ratio	(%)	7.21	8.85	11.41	11.66	23.57	18.33
Dividend payout ratio	(%)	87.39	93.03	83.19	96.77	86.73	93.97
Dividend cover ratio	(%)	114.42	107.49	124.14	103.26	115.30	106.41
Dividend per share - Interim	(Rs)	0.75	1.75	2.75	2.25	6.50	3.05
Dividend per share - Proposed Final	(Rs)	3.05	2.25	2.25	2.25	3.50	3.50
Market price per share							
- Year end	(Rs)	52.68	45.21	43.81	38.59	42.43	35.73
- High during the year	(Rs)	66.52	46.33	46.65	50.88	63.67	38.65
- Low during the year	(Rs)	43.79	37.20	36.70	35.30	35.08	25.08
Break up value	(Rs)	15.29	13.99	13.75	13.44	14.60	13.07

FINANCIAL PERFORMANCE		2015	2014	2013	2012	2011	2010
Capital Structure Ratios							
Financial leverage ratio		2.01	1.15	0.82	0.99	0.83	0.85
Weighted average cost of debt	(%)	6.88	10.45	10.20	11.70	12.85	12.53
Debt : Equity		40:60	43:57	04:96	09:91	19:81	24:76
Interest cover ratio	(Times)	3.88	5.40	6.64	4.55	15.86	11.37
Summary of Balance Sheet			(Rupees in million)				
Shareholders' equity		14,281	13,072	12,843	12,556	13,636	12,210
Capital employed		23,656	23,072	13,427	13,863	16,877	16,099
Property, plant & equipment		12,126	12,203	13,060	13,832	14,410	14,633
Total non - current assets		30,099	24,412	22,060	17,435	17,244	17,018
Working capital		(3,709)	1,936	(5,175)	25	3,273	2,929
Non - current liabilities		12,109	13,277	4,042	4,905	6,881	7,737
Summary of Profit & Loss							
Sales - net		52,182	49,445	54,455	47,911	55,869	43,257
Gross profit		7,214	11,092	14,513	11,461	20,116	13,463
Profit before taxation		5,384	5,780	8,539	6,473	16,170	9,686
EBITDA		8,650	8,475	11,441	9,666	18,591	11,934
Profit for the year		4,062	4,016	5,798	4,341	10,767	6,514
Summary of Cash Flows							
Net cash flow from Operating activities		(6,072)	8,507	9,940	1,443	8,354	7,388
Net cash flow from Investing activities		1,854	(6,411)	(10,246)	6,827	(7,508)	871
Net cash flow from Financing activities		8,341	(1)	(1,369)	(9,106)	(7,836)	(4,633)
Changes in cash and cash equivalents		4,123	2,095	(1,675)	(836)	(6,990)	3,626
Cash and cash equivalents - year end		9,260	5,137	3,042	4,717	5,553	8,317
Quantitative Data			(Thousand tonnes)				
Sona Urea (G) Production		302	213	224	281	433	524
Sona Urea (G) Sales		290	214	226	279	433	525
Sona DAP Production		768	702	744	648	662	660
Sona DAP Sales		748	709	773	611	663	658

Profitability ratios have decreased due to increase in gas rates during the year. Gross profit ratio has declined in the year 2015 as compared to 2014 mainly due to classification of subsidy on DAP in other income.

Return on equity has also shown deterioration from last year from 31% to 28% and exhibits the decline in returns to stakeholders.

Earnings per share is generally considered to be the most important variable in determining a share's price. It is also a major component used to calculate the price-to-earnings valuation ratio. EPS of Rs. 4.35 for year 2015 is 1% higher than last year and indicates an improvement in the financial performance of the Company during the year inspite of increase in gas prices.

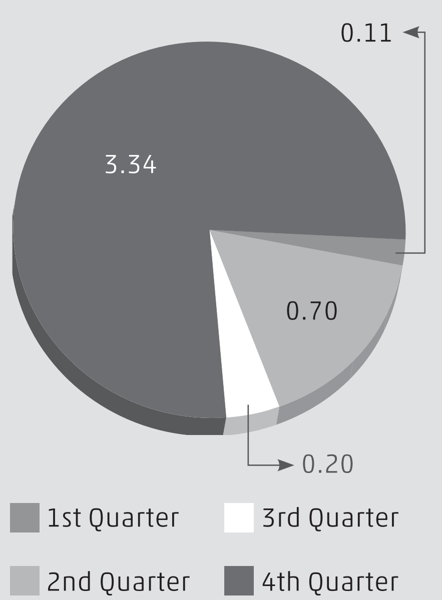
Current ratio for the year 2015 has shown significant deterioration to 0.89 from 1.10 as compared from last year. The main reason is due to increase in short term financing outstanding as at Dec 31, 2015.

Debtor turnover days have shown improvement and have deceased to 9 from 11 as compared with last year due to early recovery from credit sales in 2015.

Quarterly Analysis - 2015

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
	Rupees in million				
Sales - net	5,799	12,195	7,057	27,131	52,182
Cost of sales	(5,089)	(10,002)	(5,473)	(24,404)	(44,968)
GROSS PROFIT	710	2,193	1,584	2,727	7,214
Selling and distribution expenses	(492)	(954)	(906)	(1,467)	(3,819)
Administrative expenses	(275)	(375)	(266)	(511)	(1,427)
Finance cost	(421)	(419)	(580)	(448)	(1,868)
Other operating expenses	(5)	(45)	(15)	(334)	(399)
Other income	570	176	375	4,562	5,683
PROFIT BEFORE TAXATION	87	576	192	4,529	5,384
Taxation	11	85	(11)	(1,407)	(1,322)
PROFIT FOR THE YEAR	98	661	181	3,122	4,062
Earnings per share - basic and diluted (Rupees)	0.11	0.70	0.20	3.34	4.35
Production (MT)					
- Urea	16,109	78,514	106,545	100,705	301,873
- DAP	141,606	209,070	211,009	206,319	768,004
Sales (MT)					
- Urea	15,465	79,047	74,814	120,897	290,223
- DAP	85,267	156,662	74,940	430,952	747,821

Quarterly EPS
(Rupees)



The first quarter at FFBL is always at lower side due to annual turnaround and gas curtailment in the months of January & February. The additional expense of repair and mainteance along with low level of production and sales resulted in reduced profitability. DAP production level mantained at high level in the last three quarters whereas Urea production suffered due to consistent gas curtailment.

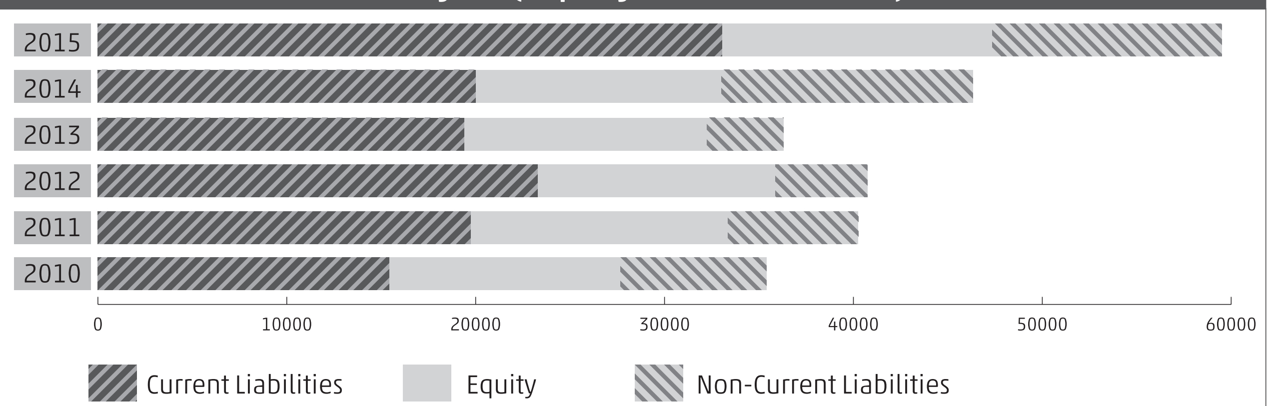
The demand of DAP is always high in fourth quarter due to sowing of Rabi crops. FFBL earnings in last quarter of year 2015 showed an increase mainly due to subsidy announced by the government resulting in higher Urea & DAP sales as compared with the last year.

Horizontal Analysis Balance Sheet

Rupees in million

BALANCE SHEET	2015 Rs	15 Vs 14 %	2014 Rs	14 Vs 13 %	2013 Rs	13 Vs 12 %	2012 Rs	12 Vs 11 %	2011 Rs	11 Vs 10 %	2010 Rs	10 Vs 09 %
EQUITY AND LIABILITIES												
Equity												
Share capital	9,341	-	9,341	-	9,341	-	9,341	-	9,341	-	9,341	-
Reserves	228	-	228	-	228	(75.92)	947	3.05	919	-	919	(1.39)
Accumulated profit / (loss)	4,712	34.55	3,502	6.96	3,274	44.42	2,267	(32.85)	3,376	73.13	1,950	403.88
	14,281	9.26	13,071	1.78	12,843	2.29	12,555	(7.93)	13,636	11.68	12,210	14.54
Non - Current liabilities												
Long term liabilities & deferred Government assistance	9,375	(6.25)	10,000	1,612.33	584	(52.60)	1,232	(61.99)	3,241	(16.66)	3,889	(18.38)
Deferred taxation	2,734	(16.57)	3,277	(5.23)	3,458	(5.85)	3,673	0.91	3,640	(5.41)	3,848	(5.06)
	12,109	(8.80)	13,277	228.48	4,042	(17.59)	4,905	(28.72)	6,881	(11.06)	7,737	(12.26)
Current liabilities												
Trade creditors, other payables, taxation & Current portion of long term loans	13,453	(8.08)	14,636	60.75	9,105	(22.43)	11,738	3.59	11,331	30.17	8,705	11.56
Interest and mark - up accrued	280	20.17	233	(1.27)	236	(16.01)	281	37.75	204	30.77	156	41.82
Short term borrowings	17,988	482.70	3,087	(61.34)	7,985	(13.37)	9,217	23.29	7,476	32.25	5,653	(26.87)
Current portion of deferred Govt. assistance	1,296	(33.37)	1,945	(3.19)	2,009	0.05	2,008	209.88	648	(25.94)	875	(20.74)
	33,017	65.91	19,901	2.93	19,335	(16.82)	23,244	18.24	19,659	27.75	15,389	(8.11)
	59,407	28.45	46,249	27.69	36,220	(11.02)	40,704	1.31	40,176	13.70	35,336	(2.45)
ASSETS												
Non - Current Assets												
Property, Plant, Equipment & Intangibles	12,126	(0.63)	12,203	(6.56)	13,060	(5.58)	13,832	(4.32)	14,456	(1.71)	14,707	(5.59)
Long term investments	17,895	47.51	12,131	35.97	8,922	152.96	3,527	30.10	2,711	21.30	2,235	5.03
Long term deposits & prepayments	78	-	78	-	78	2.63	76	-	76	-	76	(1.30)
	30,099	23.30	24,412	10.66	22,060	26.53	17,435	1.11	17,243	1.32	17,018	(4.30)
Current assets												
Stores, spares and loose tools	2,473	5.82	2,337	10.92	2,107	4.77	2,011	5.51	1,906	0.21	1,902	2.81
Stock in trade	4,549	192.16	1,557	37.91	1,129	(76.85)	4,876	43.12	3,407	168.06	1,271	3.59
Trade debts	1,025	(30.08)	1,466	(8.60)	1,604	(35.03)	2,469	281.61	647	(22.05)	830	74.00
Loans and advances	849	(5.56)	899	51.86	592	21.56	487	(0.81)	491	330.70	114	2.70
Deposits and prepayments	41	46.43	28	(6.67)	30	25.00	24	84.62	13	(7.14)	14	180.00
Other receivables	6,823	435.14	1,275	42.14	897	(70.71)	3,063	36.38	2,246	935.02	217	(53.43)
Short term investments	4,608	(50.08)	9,230	73.40	5,323	243.42	1,550	(82.46)	8,838	607.04	1,250	(73.17)
Cash and bank balances	8,940	77.21	5,045	103.59	2,478	(71.81)	8,789	63.21	5,385	(57.67)	12,720	31.84
	29,308	34.21	21,837	54.22	14,160	(39.15)	23,269	1.47	22,933	25.19	18,318	(0.68)
	59,407	28.45	46,249	27.69	36,220	(11.02)	40,704	1.31	40,176	13.70	35,336	(2.45)

Balance Sheet Analysis (Equity and Liabilities) (Rupees in million)

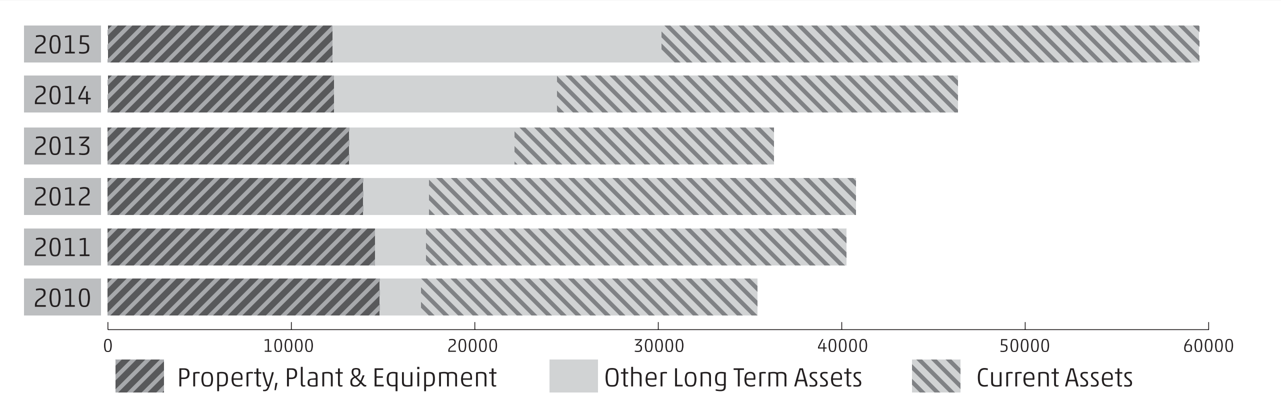


Vertical Analysis Balance Sheet

Rupees in million

	2015		2014		2013		2012		2011		2010	
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
EQUITY AND LIABILITIES												
Equity												
Share capital	9,341	15.72	9,341	20.20	9,341	25.79	9,341	22.95	9,341	23.25	9,341	26.43
Reserves	228	0.38	228	0.49	228	0.63	947	2.33	919	2.29	919	2.60
Accumulated profit	4,712	7.93	3,502	7.57	3,274	9.04	2,267	5.57	3,376	8.40	1,950	5.52
	14,281	24.04	13,071	28.26	12,843	35.46	12,555	30.84	13,636	33.94	12,210	34.55
Non - Current liabilities												
Long term liabilities & deferred government assistance	9,375	15.78	10,000	21.62	584	1.61	1,232	3.03	3,241	8.07	3,889	11.01
Deferred taxation	2,734	4.60	3,277	7.09	3,458	9.55	3,673	9.02	3,640	9.06	3,848	10.89
	12,109	20.38	13,277	28.71	4,042	11.16	4,905	12.05	6,881	17.13	7,737	21.90
Current liabilities												
Trade creditors, other payables, taxation & Current portion of long term loans	13,453	22.65	14,636	31.65	9,105	25.14	11,738	28.84	11,331	28.20	8,705	24.63
Interest and mark - up accrued	280	0.47	233	0.50	236	0.65	281	0.69	204	0.51	156	0.44
Short term borrowings	17,988	30.28	3,087	6.67	7,985	22.05	9,217	22.64	7,476	18.61	5,653	16.00
Current portion of deferred Govt. assistance	1,296	2.18	1,945	4.21	2,009	5.55	2,008	4.93	648	1.61	875	2.48
	33,017	55.58	19,901	43.03	19,335	53.39	23,244	57.10	19,659	48.93	15,389	43.55
	59,407	100.00	46,249	100.00	36,220	100.00	40,704	100.00	40,176	100.00	35,336	100.00
ASSETS												
Non - current assets												
Property, plant & equipment	12,126	20.41	12,203	26.39	13,060	36.06	13,832	33.98	14,456	35.98	14,707	41.62
Long term investments	17,895	30.12	12,131	26.23	8,922	24.64	3,527	8.66	2,711	6.75	2,235	6.32
Long term deposits & prepayments	78	0.13	78	0.17	78	0.22	76	0.19	76	0.19	76	0.22
	30,099	50.67	24,412	52.78	22,060	60.91	17,435	42.83	17,243	42.92	17,018	48.16
Current assets												
Stores, spares and loose tools	2,473	4.16	2,337	5.05	2,107	5.82	2,011	4.94	1,906	4.74	1,902	5.38
Stock in trade	4,549	7.66	1,557	3.37	1,129	3.12	4,876	11.98	3,407	8.48	1,271	3.60
Trade debts	1,025	1.73	1,466	3.17	1,604	4.43	2,469	6.07	647	1.61	830	2.35
Loans and advances	849	1.43	899	1.94	592	1.63	487	1.20	491	1.22	114	0.32
Deposits and prepayments	41	0.07	28	0.06	30	0.08	24	0.06	13	0.03	14	0.04
Other receivables	6,823	11.49	1,275	2.76	897	2.48	3,063	7.53	2,246	5.59	217	0.61
Short term investments	4,608	7.76	9,230	19.96	5,323	14.70	1,550	3.81	8,838	22.00	1,250	3.54
Cash and bank balances	8,940	15.05	5,045	10.91	2,478	6.84	8,789	21.59	5,385	13.40	12,720	36.00
	29,308	49.33	21,837	47.22	14,160	39.09	23,269	57.17	22,933	57.08	18,318	51.84
	59,407	100.00	46,249	100.00	36,220	100.00	40,704	100.00	40,176	100.00	35,336	100.00

Balance Sheet Analysis (Assets) (Rupees in million)



Horizontal & Vertical Analysis Profit and Loss Account

HORIZONTAL ANALYSIS

Rupees in million

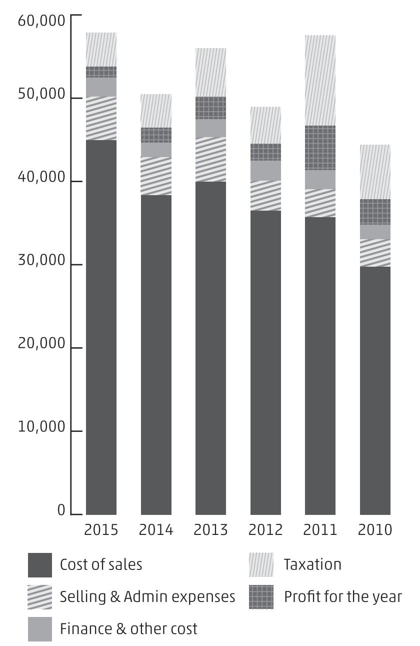
PROFIT & LOSS	2015 Rs	15 Vs 14 %	2014 Rs	14 Vs 13 %	2013 Rs	13 Vs 12 %	2012 Rs	12 Vs 11 %	2011 Rs	11 Vs 10 %	2010 Rs	10 Vs 09 %
Sales - net	52,182	5.54	49,445	(9.20)	54,455	13.66	47,911	(14.24)	55,869	29.16	43,257	17.79
Cost of Sales	44,968	17.25	38,353	(3.98)	39,942	9.58	36,450	1.95	35,753	20.00	29,794	10.10
Gross profit	7,214	(34.96)	11,092	(23.57)	14,513	26.63	11,461	(43.03)	20,116	49.42	13,463	39.30
Selling & distribution expenses	3,819	15.24	3,314	(4.02)	3,453	29.52	2,666	4.39	2,554	(1.20)	2,585	15.61
Administrative expenses	1,427	8.30	1,318	25.73	1,048	6.94	980	26.13	777	11.00	700	74.56
	1,968	(69.54)	6,460	(35.48)	10,012	28.11	7,815	(53.44)	16,785	64.91	10,178	44.82
Finance cost	1,868	42.28	1,313	(13.34)	1,515	(16.85)	1,822	67.46	1,088	16.49	934	(36.03)
Other operating expenses	399	(7.17)	430	(32.69)	639	13.02	565	(52.00)	1,177	65.08	713	60.95
	(299)	(106.34)	4,717	(39.97)	7,858	44.78	5,428	(62.62)	14,520	70.20	8,531	66.46
Other income	5,683	434.73	1,063	56.09	681	(34.85)	1,045	(36.67)	1,650	42.98	1,154	68.96
Profit before taxation	5,384	(6.85)	5,780	(32.31)	8,539	31.92	6,473	(59.97)	16,170	66.96	9,685	66.75
Taxation	1,322	(25.05)	1,764	(35.65)	2,741	28.58	2,132	(60.54)	5,403	70.39	3,171	56.67
Profit for the year	4,062	1.12	4,016	(30.73)	5,798	33.56	4,341	(59.68)	10,767	65.29	6,514	72.15

VERTICAL ANALYSIS

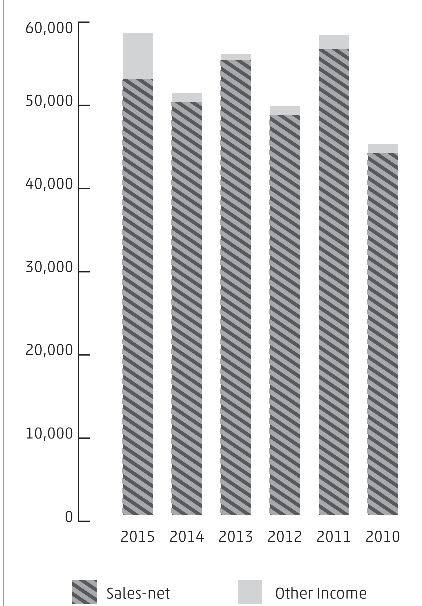
Rupees in million

PROFIT & LOSS	2015 Rs	15 Vs 14 %	2014 Rs	14 Vs 13 %	2013 Rs	13 Vs 12 %	2012 Rs	12 Vs 11 %	2011 Rs	11 Vs 10 %	2010 Rs	10 Vs 09 %
Sales - net	52,182	100.00	49,445	100.00	54,455	100.00	47,911	100.00	55,869	100.00	43,257	100.00
Cost of Sales	44,968	86.18	38,353	77.57	39,942	73.35	36,450	76.08	35,753	63.99	29,794	68.88
Gross profit	7,214	13.82	11,092	22.43	14,513	26.65	11,461	23.92	20,116	36.01	13,463	31.12
Selling & distribution expenses	3,819	7.32	3,314	6.70	3,453	6.34	2,666	5.56	2,554	4.57	2,585	5.98
Administrative expenses	1,427	2.73	1,318	2.66	1,048	1.92	980	2.05	777	1.39	700	1.62
	1,968	3.77	6,460	13.06	10,012	18.39	7,815	16.31	16,785	30.04	10,178	23.53
Finance cost	1,868	3.58	1,313	2.66	1,515	2.78	1,822	3.80	1,088	1.95	934	2.16
Other operating expenses	399	0.76	430	0.87	639	1.17	565	1.18	1,177	2.11	713	1.65
	(299)	(0.57)	4,717	9.54	7,858	14.43	5,428	11.33	14,520	25.99	8,531	19.72
Other income	5,683	10.89	1,063	2.15	681	1.25	1,045	2.18	1,650	2.95	1,154	2.67
Profit before taxation	5,384	10.32	5,780	11.69	8,539	15.68	6,473	13.51	16,170	28.94	9,685	22.39
Taxation	1,322	2.53	1,764	3.57	2,741	5.03	2,132	4.45	5,403	9.67	3,171	7.33
Profit for the year	4,062	7.78	4,016	8.12	5,798	10.65	4,341	9.06	10,767	19.27	6,514	15.06

Profit and Loss Analysis (Expense)
(Rupees in million)

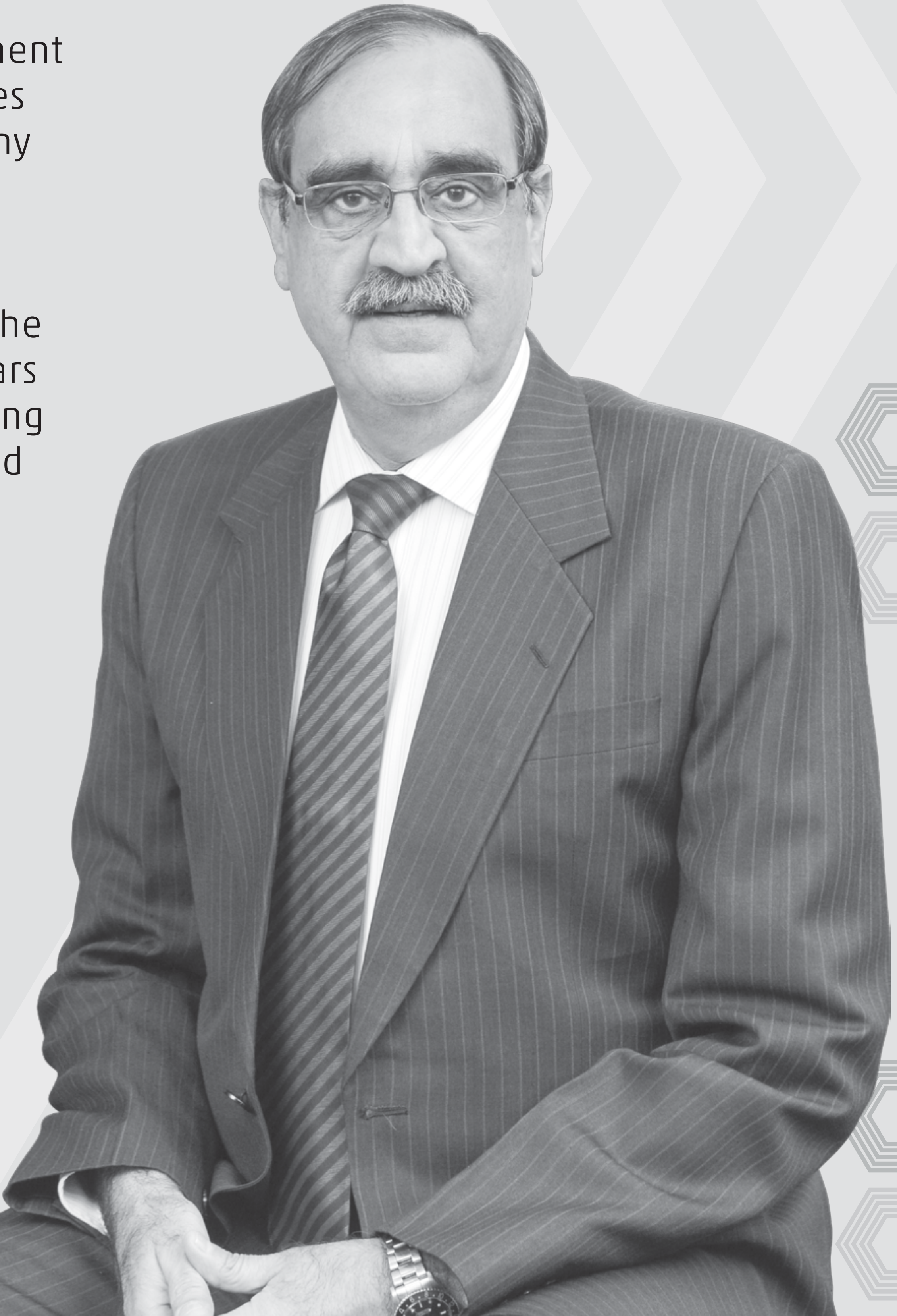


Profit and Loss Analysis (Income)
(Rupees in million)



Chairman's Review

The management and employees of the Company deserve our accolades for remaining steadfast for the past many years despite growing challenges and managing to deliver all the way through.



On behalf of the Board of Directors, I am pleased to present Company's annual report and performance for the year ended December 31, 2015.

Pakistan is going through a very critical phase of its existence. The challenges it faces today are overwhelming but have also brought with it tremendous opportunities. Law and order situation has improved a great deal through concerted efforts of all concerned. The economy also seems to be on the right track with positive economic indicators and outlook. China-Pakistan Economic Corridor (CPEC) has further boosted the future prospects and its success would certainly enhance much needed impetus to the economy in the long run for consistent and stable growth.

Gas curtailment still reigns as the most detrimental factor for the fertilizer sector. The year saw relatively better provision of gas supply to the Company mainly due to import of LNG, though not enough to operate our Urea plant efficiently and economically. The second week of December saw inauguration of the long awaited TAPI (Tajikistan, Afghanistan, Pakistan, India) gas project. The project brings with it prospects of resolving Pakistan`s energy crisis, though its maturity hinges upon safety and security of link traversing war-torn Afghanistan. The IP (Iran, Pakistan) gas pipelines though much more conducive for Pakistan needs International acclamation before materializing.

It was yet another taxing year for the fertilizer sector curbing its potential production ability owing to gas shortages on the one hand and increases in gas prices effective September 1, 2015 on the other. These coupled with GIDC have further minimized profit margins of the industry.

Despite all odds, the Company has posted marginally improved results compared to the preceding year. Relatively better gas availability and its efficient utilization resulted in better production numbers. Announcement of subsidy by GoP on DAP during the last quarter of the income year significantly boosted off-take of the product, thus better results.

FFBL is continuing with its strategic policy of diversification and growth for better return to its shareholders. In its continuous endeavor of eying better opportunities, the Company, alongwith Fauji Foundation, has acquired controlling interest in Noon Pakistan Limited to get advantage of huge un-tapped market of dairy business.

The management and employees of the Company deserve our accolades for remaining steadfast for the past many years despite growing challenges and managing to deliver all the way through.

I take this opportunity to thank all individuals who have been part of our journey for yet another eventful year, especially my fellow Directors who have been a source of strength to me through their invaluable support and contribution.

I must also appreciate and acknowledge the contribution of GoP, SSGCL, our valuable customers and suppliers and bankers in achieving the results and am confident to go hand in hand with all in future as well for better performance and results for mutual benefit. The Board owes sincere gratitude to its shareholders for their continuous confidence and trust in the Company.

For and on behalf of the Board

Lt Gen Khalid Nawaz Khan,
HI(M), Sitara-i-Esar, (Retd),
Chairman

A Word From The Chief Executive

The Company continues to explore new horizons for diversification and increase in net wealth of its shareholders.

It gives me great pleasure to share with you the financial results of the Company for the year ended December 31, 2015. The Company has earned net profit of Rs 4.062 billion with per share earnings of Rs 4.35. The results show a slight improvement owing to relatively better gas availability and DAP sales despite increase in gas prices during the year.

The first nine months of the year witnessed a below par performance due to delay in implementation of announced subsidy on DAP. However, once the implementation was in place in the 4th quarter, we were able to offload piled up inventory very quickly thus resulting in the year ending at a positive note.

Due to better availability of gas during the year, the Company was able to produce highest ever DAP fertilizer of 768,004 MT. Similarly, the Company also managed improved production of Ammonia and Urea which is higher by 22% and 42% respectively as compared to last year. These factors helped the Company in maintaining overall profitability when compared with the previous year despite increase in cost of raw material.

Investment in Askari Bank Limited (AKBL) and Fauji Cement Company Limited (FCCL) have started to bear fruit for the Company in the form of dividends amounting to Rs. 544 mn from AKBL and Rs 47 mn from FCCL during 2015. The prospects of the investment seem bright in the long run.

The Company continues to explore new horizons for diversification and increase in net wealth of its shareholders. Acquiring of controlling interest by FFBL and FF in Noon Pakistan is another landmark for the Company and has further opened doors to exploit the potential in dairy business.

Foundation Energy I and II projects have started their commercial production and are expected to add to the revenue stream of the Company in future.

Company`s coal based power project, FFBL Power Company Limited (FPCL), is well on its course and on completion will not only cater for the steam and power requirements of FFBL but will also sell residual power to K-Electric and add to overall revenues of FPCL.

Fauji Meat Limited has completed its construction phase and its products are expected to come online in March 2016. The product has huge potential in the Asian, Middle Eastern and European markets and is expected to give good returns in future.

I wish to thank our dedicated and very professional employees of the Company who have contributed immensely towards sustainability and growth of the organization to make it a premier organization.

Last but not the least, I wish to acknowledge valuable contributions by our customers, GoP, shareholders and all strategic stakeholders who have played their part in enabling the Company to achieve success. We look forward for their continued support in future for enabling us to achieve further success in future for the Company.

Lt Gen Muhammad Haroon Aslam
HI(M), SBt, (Retd),
Chief Executive & Managing Director

Directors' Report

The Directors are pleased to present 22nd Annual Report along with audited Financial Statements of the Company and the Auditors' report thereon for the year ended December 31, 2015.

Pakistan Economy and its Outlook

2015 closed with yet another year full of challenges and opportunities presented to the country`s economic and security spheres. Though economy cannot flourish without conducive security environment, in overall terms it may safely be concluded that the country did make serious headways as far as long term strategic international partnerships are concerned. It was certainly made possible due to ever improving law and order situation across the country.

The biggest thing that could happen to the country for some decades was the signing of much awaited US$ 46 billion China-Pakistan Economic Corridor (CPEC) agreement. The agreement has opened a vast number of opportunities not only for the entire country but also the region as a whole to develop economically and

socially. It is not one road project, but, a multi-sectoral framework covering energy, infrastructure, Gwadar and industrial sector in the country. CPEC includes various power projects to help alleviate Pakistan's chronic energy shortages, with over 10,400 MW of energy generating capacity to be developed by March 2018 as part of the corridor's fast-track "Early Harvest" projects. Work on various other infrastructure and road projects is under way at a fast pace.

The landmark Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline project has been officially inaugurated in Turkmenistan in December 2015. The project will cost around US$10 billion and is expected to be completed by the end of 2018. TAPI will connect the four Asian countries through a pipeline while Pakistan aims to get 1,325 MMCFD supply of natural gas which will help overcome the energy deficit.

Inflation is down considerably in recent months recorded at 4.1% in December 2015, attributable mainly due to steep fall in international oil prices and government decision to pass some of the benefit to domestic consumers. Lately, there has been decline in international commodity prices and sufficient foreign exchange reserves with SBP, helped contain inflation and improve inflationary outlook. Continuity in economic policies and efforts for structural improvements has helped present a positive outlook of the country resulting in better ratings from international rating agencies.

Foreign reserves of the country touched all time highest level of US$ 21 billion in December 2015 giving the country enough breathing space to manage its foreign currency liabilities in the short term. Unfortunately, however, with repayment of the ongoing IMF's 6.64 billion dollar Extended Fund Facility becoming due by end of next calendar year, the expiry of the rescheduled Paris club as well as the 5-year Eurobonds maturing by the end of next calendar year, the debt repayment burden would be very high leading to a net outflow with negative repercussions on our current account deficit.

On January 11, 2016, the three stock exchanges of Pakistan merged to become the Pakistan Stock Exchange (PSX). As an amalgamation of all these invaluable attributes, the PSX represents a quantum leap forward for the country's capital market. The emergence of a single, national capital market will create a large liquidity pool through which scores of brokers shall be able to better serve existing and prospective investors throughout the country.

The extremely worrying feature of the economy is the low level of private investment, despite the record low level of interest rates. Foreign private investment (direct plus portfolio) is down by as much as 68 percent. The substantial improvement in the current account deficit is welcome. However, it has been achieved by a bigger fall in imports than in exports. The former is due to a large decline in the oil import bill of 42 percent.

A lot more needs to be done in the area of tax reform, water scarcity, improving performance of the power sector, stimulating private investment and exports, restructuring loss-making public enterprises, reversing the negative trend in social indicators and so on.

Global Economy

2015 was a sluggish year for the global economy. Economic growth came in below targets set by major international institutions. Easy money failed to boost consumer and investment demand around the globe. This sluggish global growth was mixed news for equity markets. Japan's and Germany's major equity indexes managed to achieve single digit growth rates. China's equity index dropped

Directors' Report

by double digits; and the US's S&P 500 remained almost unchanged.

A further sharp downturn in emerging market economies and world trade has weakened global growth to around 2.9 percent this year, well below its long-term average and is a source of uncertainty for near-term prospects. A gradual strengthening of global growth in 2016 and 2017 is projected at 3.3 percent and 3.6 percent, respectively, but any pick-up would require a smooth rebalancing of activity in China and more investment in advanced economies.

The world economy may be set for another year like 2015, with modest growth in developed economies offsetting persistent weakness elsewhere but generating very little inflation and keeping interest rates low.

The U.S. Federal Reserve's long-awaited rise in rates from zero showed confidence in the world's largest economy, but rival China is still struggling for a foothold with rate cuts. Although some countries, such as Brazil, have mainly home-grown inflation troubles, the Fed's first post-crisis rate hike is an unlikely cure for what ails the rest of the world.

Since crude oil prices began falling sharply 18 months ago from above $100 a barrel to below $30 now, the number of analysts predicting a rebound has dwindled. Some are now saying $20 is more likely than a sizeable move higher.

Some emerging market economies are performing better, too. India is forecast to grow at a decent clip, underpinned by rate cuts earlier this year during a window of low inflation. And optimism about Mexico has grown as it slowly starts to take advantage of a recent historic reform in the energy sector.

Developing countries have formed more than half of the world economy since the global financial crisis and, with generally higher growth than the advanced economies, this share is continuing to rise. IMF data show that China has been the source of 35 per cent of global growth over the past five years, and is forecast to form 30 per cent of growth until 2020.

IMF Managing Director has said that the prospect of rising interest rates in the United States and an economic slowdown in China were contributing to uncertainty and a higher risk of economic vulnerability worldwide. In addition, growth in global trade has slowed considerably and a decline in raw material prices is posing problems for economies based on these, while the financial sector in many countries still has weaknesses and financial risks are rising in emerging markets.

A further slowdown in China's vast manufacturing sector has intensified worries about the year ahead for the world's second largest economy. The latest in a string of downbeat reports showed that activity at China's factories cooled in December for the fifth month running, as overseas demand for Chinese goods continued to fall.

Some developing economies may face a dilemma if higher US interest rates strengthen the dollar further. Weaker currencies could lead to higher inflation and capital flight, but raising interest rates to combat this could inhibit growth that is already weak.

International Agriculture and Fertilizer Situation

Influenced by declining and low international prices for most agricultural commodities, and short rainfall in some important

cereal production areas, the 2015 global cereal crop is forecast to slightly contract, by approximately 1%. The larger wheat harvest would not offset the anticipated drop in maize and rice production. A record soybean crop is also anticipated in 2015/16. With ample availabilities, international prices of cereals, oilseeds, sugar and cotton declined or remained low over the past 12 months. Prices are anticipated to stay depressed in the coming months unless unfavorable weather affects some of the major exporters.

2015 was characterized by near-stagnant demand and few trade opportunities. Meanwhile, capacity and supply availability are increasing on account of investment decisions taken four to five years ago during the post-2008 era. The fertilizer industry nowadays is faced with over-capacity issues. Rationalization and consolidation activities have emerged in key producing countries.

World nutrient sales in 2015 were estimated at 241 Million Tonnes (Mt) nutrients, representing a moderate increase of 2% over 2014. Fertilizer sales, which accounted for 78% of total sales, were estimated at 183 Mt nutrients, showing no growth over 2014. Net industrial uses and non-allocated tonnages reached 58 Mt nutrients.

In 2015 global production of the main fertilizers marked a pause; there was little or no variation in the output of most products, with the exception of increasing DAP volumes. Potash production declined, while other products registered modest increases. Globally, the fertilizer industry operated at 78% of installed capacity.

Global ammonia capacity is projected to grow by 5% in 2016 to 232 Mt. Large capacity increases are seen in the United States, Saudi Arabia, Indonesia, Nigeria and Russia.

A massive 20 Mt of new urea capacity is expected to be added

in 2015/16. Close to 30 new units are planned to come on stream in 2015 and 2016, with two-thirds located outside China. Global urea capacity would increase by 5% in 2015, to 218 Mt, and by 4% in 2016, to 227 Mt. China's capacity growth is seen as decelerating. The main additions to capacity outside China will occur in Algeria, Indonesia, Iran, Nigeria, Russia and the United States. Global urea supply is estimated at 179 Mt in 2015 and 187 Mt in 2016.

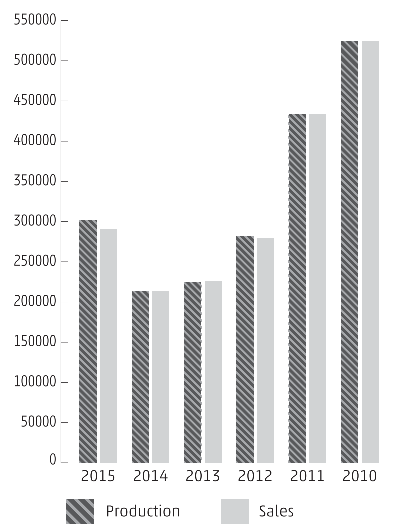
Global phosphate rock supply in 2016 is projected to expand by 6% over 2014 to 232 Mt. Large expansions are projected in only three countries: Morocco, Jordan and China. These increases are partially offset by reductions in the United States and by the situation in Syria. The bulk of the incremental supply would be mostly dedicated to captive downstream processing.

Global phosphoric acid capacity is projected at 56.4 Mt P_2O_5 in 2015 and 58 Mt P_2O_5 in 2016. No new merchant grade phosphoric acid (MGA) supply will emerge in the short term. Global phosphoric acid capacity remained virtually unchanged in 2015, but would grow by 3% to 58 Mt P_2O_5. This 2 Mt increase would mostly occur in Morocco. No new MGA supply is projected in the short term.

Operational Highlights

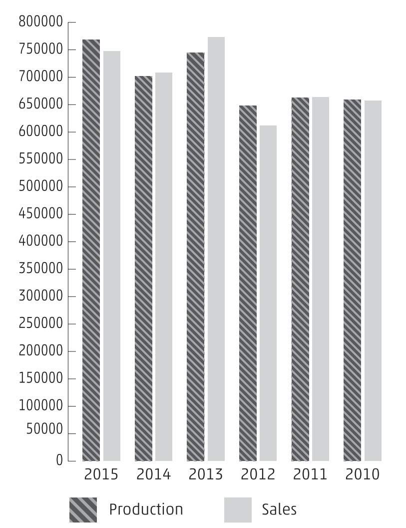
By the grace of Almighty, the overall performance of the plants remained satisfactory and safe during the year. Gas curtailment remained the biggest challenge especially for the plants on Sui network. The gas curtailment to FFBL however reduced by 12% to 29% in year 2015. This improved supply resulted in improved production of Ammonia and Urea which is higher by 22% and 42% respectively as compared to last year.

Urea Production and Sales
(Quantity in MT)



Due to better gas supply, the Company achieved record breaking production of 768,004

DAP Production and Sales
(Quantity in MT)



Metric Tonnes (MT) as compared to 701,841 MT of DAP last year higher by 9%. This was also possible due to better management of available gas and maintaining safe and efficient operations of the plants which is a great success. This production was also achieved due to close coordination with Office Chérifien des Phosphates (OCP) for smooth supply of Phosphoric Acid from our Pakistan Maroc Phosphore (PMP) Plant.

Turnaround 2015

The Company successfully completed annual turnaround during first quarter with the satisfactory inspection and maintenance of all equipment in a risk free manner. Safety orientation and awareness trainings were imparted to internal and external persons who participated in turnaround. Regular maintenance of plant and equipment is the key for efficient utilization of production resources. More than 2000 jobs of different nature were completed. Equipment replacement with improved material and latest technology, major overhauling of machines, modification jobs and catalyst change out activities were executed, which will compliment in smooth and efficient plant operations. Majority of the jobs were accomplished utilizing in house/ local resources. All activities were successfully completed within the stipulated time to improve plant efficiency and reliance. Foreign consultants from different countries also participated in the turnaround. Major jobs carried out are as follows:

- Primary Reformer (F-101) Bull - head Tee to expander weld joints repair.
- Secondary Reformer (C-102) catalyst unloading and reloading for replacement of bottom dome refractory bricks.
- High Temperature Shift Convertor (C-201) catalyst change out.
- Process Air Compressors (K-101A/B), Synthesis Gas Compressors (K-306A/B) and Refrigeration Compressor (K-305A) inspection and overhauling.
- Inspection of Urea Plant HP Equipments by M/s Stamicarbon, Netherlands.
- Granulator Scrubber Separator (DT-511) and off gas common duct portion replacement with new SS-317L vessel.
- FRP connecting duct replacement with SS-316L

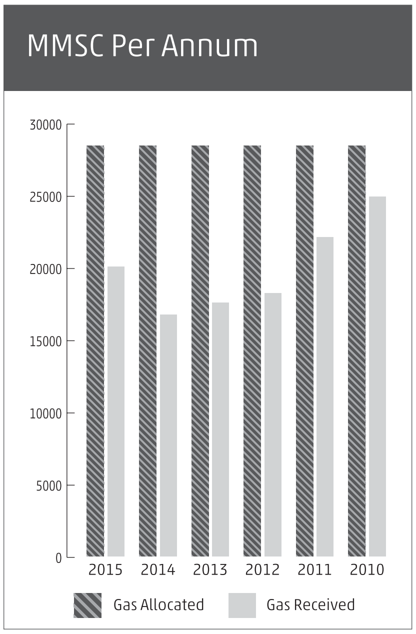
Gas Curtailment and GIDC - Future Prospects

Gas supply to the fertilizer sector marginally improved during 2015 mainly due to import of LNG for power generation. This has resulted in improved fertilizer production numbers in the country. Keeping in view GoP initiatives for Gas infrastructure development like LNG import and TAPI gas pipeline projects, gas crisis is likely to ease up till 2019. After the ground breaking on December 13, 2015 financial close will be achieved in one year and the pipeline is expected to be built by the end of 2019. Pakistan will import 1.3 billion cubic feet of gas per day (BCFD) from Turkmenistan whereas 600 million cubic feet of LNG per day (MMCFD) will be imported through the LNG terminal at Gwadar.

GoP is fully cognizant of the importance of local fertilizer production and is making due efforts to devise policy changes for making fertilizer productions viable on imported gas. It will enable local fertilizer plants to run at full capacity making fertilizers available for farmers at affordable prices.

FFBL's Ammonia and Urea plants remained shutdown for 49 days and 135 days respectively during the year due to non availability of gas. Average gas received was 60 MMSCF per day against the agreed 85 MMSCF per day by SSGCL resulting in overall curtailment of 29%.

Following statistics show gas curtailment to FFBL plant. The gas curtailment this year is 29 percent, better by 12% than last year.



Gas Infrastructure Development Cess (GIDC) is effective from January 01, 2012 on different

Year	Gas Allocated	Gas Received	Shortage	%age
	MMSC per Annum			
2015	28,475	20,114	8,361	29
2014	28,475	16,773	11,702	41
2013	28,475	17,626	10,849	38
2012	28,475	18,284	10,191	36
2011	28,475	22,159	6,316	22
2010	28,475	24,951	3,524	12

Say No To Corruption

sectors. Out of these, fertilizer sector is paying maximum amount of Cess levied, which is Rs 300 per MMBTU at feed gas and Rs 150 per MMBTU at fuel gas. This has affected the profitability of the Company as FFBL could not completely pass on its impact to the customers.

Marketing Highlights

Domestic Fertilizer Market Situation

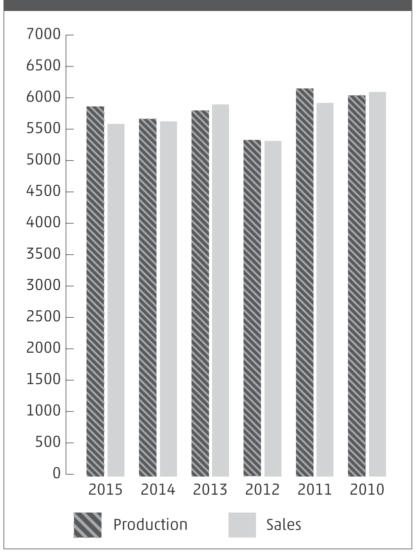
Domestic fertilizer market faced multiple challenges for yet another year with uncertainty surrounding throughout. Gas supply improved marginally, however, not enough to run the plants efficiently. The price of products remained on higher side due to increased cost of production. Significant increase in gas prices increased the cost of production and squeezed already thinned margins of producers. GoP announcement of subsidy of Rs. 20 bn on Phosphatic and Potassic fertilizer in the last quarter, though significantly delayed, enabled the farmers to use the product for the Rabi season before sowing.

UREA

The year started with a strong demand coupled with adequate supplies through National Fertilizer Marketing Limited (NFML) and better production levels by Mari based urea plants which resulted in creating stability in the market. First half of the year recorded an increase of 12 percent in industry Urea sales.

Government of Pakistan increased the price of Fuel and Feedstock Gas for the fertilizer sector by 27 and 63 percent respectively with effect from 01 September, 2015. To offset this substantial increase in the gas tariff, the dealer transfer price of domestically produced urea was increased to Rs. 1,980/- per bag on 01 September, 2015. Market vibes started to reshape during the second half of the year with industry sales slowing down due to poor farm economies, leading to diminished fertilizer demand in the Country. The situation further aggravated after the announcement of "Kissan Package" by the Prime Minister of Pakistan during the month of September, 2015 in which he announced that negotiations were underway with the stakeholders for reversing the price of Urea to the level prior to the increase in the gas price. The resultant uncertainty and anticipation of a decrease in the dealer transfer price has immensely marginalized industry urea off-take; compelling domestic producers to offer various discounts and dealer incentive schemes to bolster their sales. Industry urea sales during the period July-December, 2015 decreased substantially by 11 percent as compared to the sales of the same period in 2014.

Industry Output Vs Offtake - UREA
(Quantity in Thousand Tonnes)



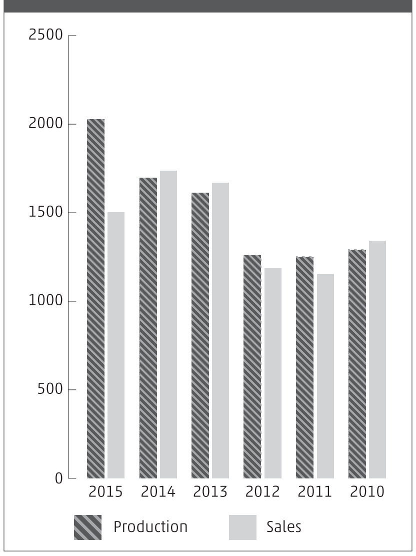
Domestic urea market for 2015 showed a decline of 1 percent as compared to last year. Urea inventory at beginning of the year was 297 thousand tonnes; 7 percent lower than opening inventory of 2014. Industry urea production is 5,301 thousand tonnes during the year 2015; 8 percent more than the production of 4,899 thousand tonnes during the previous year. Urea imports by GoP during Jan-Dec 2015 were 557 thousand tonnes, 28 percent lower than 769 thousand tonnes imports during Jan-Dec 2014. Urea sales for 2015 are 5,585 thousand tonnes; whereas, Urea inventory at year end is estimated at 551 thousand tonnes; 86 percent more than the inventory at the end of 2014.

DAP

Domestic DAP market remained favorable during first half of the year 2015. Market became unstable and highly volatile during the third quarter of 2015. This was primarily attributed to the instability in the market created by GoP's announcement of Rs. 20 billion subsidy on Phosphatic and

Potassic fertilizers, which was announced without any clear roadmap or mechanism. After the implementation of Rs. 500/ bag GoP subsidy from mid of October, substantial increase

Industry Output Vs Offtake - DAP
(Quantity in Thousand Tonnes)



in Industry DAP off-take was recorded. The subsidy along with low international prices provided an impetus for the importers to book higher quantities of DAP in anticipation of better than planned DAP sales.

Domestic DAP market during Jan-Dec 2015 is estimated at 1,804 thousand tonnes as compared to 1,736 thousand tonnes sales of Jan-Dec 2014. Sona DAP production for the year 2015 is 768 thousand tonnes, 10 percent more than 701 thousand tones production of last year. This production level is the highest ever achieved by FFBL. DAP imports during Jan-Dec 2015 witnessed an increase of 27 percent to 1,261 thousand tonnes from 993 thousand tonnes imports of the same period last year. The record highest DAP imports were supported by the low international prices and Government subsidy, nevertheless; industry is estimated to carry a substantially high inventory of 321 thousand tonnes into 2016.

Combined industry Urea and DAP closing inventory of around 0.9 million tonnes at the end of December, 2015 was the highest ever in history for any year.

FFBL Sales Performance

Sona Urea (G) sales during Jan-Dec 2015 are 290 thousand tonnes with an achievement of 142% against the targets. Sales are 36% higher as compared to 214 thousand tones sales during the same period of 2014.

Sona DAP sales during Jan-Dec 2015 are 748 thousand tonnes with an achievement of 105% against the targets. These sales are 6% higher as compared to 709 thousand tonnes sales during the same period of 2014.

During Jan-Dec 2015, FFBL share in the urea market is estimated at 5.2%, as compared to 3.8% during the same period last year. FFBL share in DAP market during Jan-Dec 2015 is 41.4% as compared to 40.8% during the same period last year.

Directors' Report

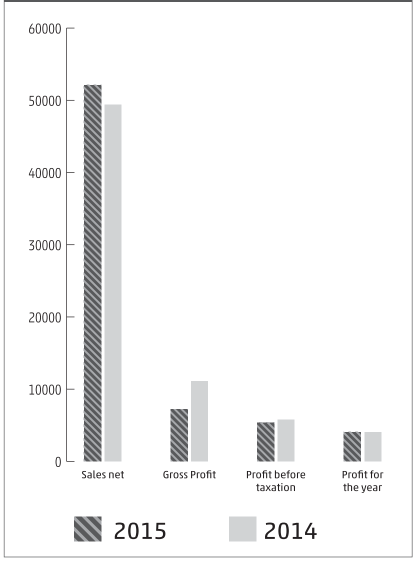
During the year, the Company has contributed an amount of Rs 23,044 million as against Rs 14,737 million in 2014, towards the National Exchequer on account of GoP levies, taxes and import duties etc.

Financial Highlights

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

	2015	2014
	Rs (million)	
Sales – net	52,182	49,445
Gross Profit	7,214	11,092
Profit before tax	5,384	5,780
Profit for the year	4,062	4,016
Earnings per share (Rs)	4.35	4.30

Profitability Analysis



Financial Review

FFBL's financial results for the year 2015 show slightly better profits as compared to last year. The main reason is better production of DAP and Urea due to improved supply of gas during the year. The Company achieved ever highest monthly DAP sales in October 2015 which is 223,186 MT. The Company managed to produce 768 thousand tonnes of DAP higher by 10% compared to the previous year. FFBL sold 748 thousand tonnes of DAP during the year higher by 6% from 709 thousand tonnes last year.

The Company earned a gross profit of Rs 7,214 million in 2015 as compared to Rs 11,092 million in the corresponding year. Financial charges have increased to Rs 1,868 million from Rs 1,312 million due to carrying charges of inventory resulting from delay in announcement of subsidy on DAP. Unfavorable movement in US$, Euro and Pound rates during the year increased exchange loss to Rs 219 million as compared to Rs 16 million in the corresponding year.

Profit for the year stood at Rs 4,062 million in 2015 against Rs 4,016 million for the corresponding year. Company's Earnings Per Share (EPS) at December 31, 2015 stood at Rs 4.35 against an EPS of Rs 4.30 in the corresponding year.

FFBL Performance at a Glance

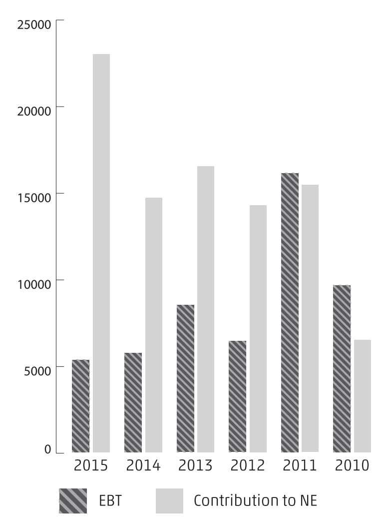
The summary of the FFBL performance for the last 6 years is given below:

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Annual	
	EPS	DPS	EPS	DPS	EPS	DPS	EPS	DPS	EPS	DPS
2015	0.11	-	0.70	0.75	0.20	-	3.34	3.05	4.35	3.80
2014	0.05	-	0.81	1.00	1.04	0.75	2.40	2.25	4.30	4.00
2013	0.53	-	1.42	1.75	1.58	1.00	2.68	2.25	6.21	5.00
2012	(0.41)	-	1.10	-	1.59	2.25	2.37	2.25	4.65	4.50
2011	1.67	1.25	2.09	2.25	3.91	3.00	3.86	3.50	11.53	10.00
2010	0.87	0.50	0.98	1.30	1.29	1.25	3.83	3.50	6.97	6.55

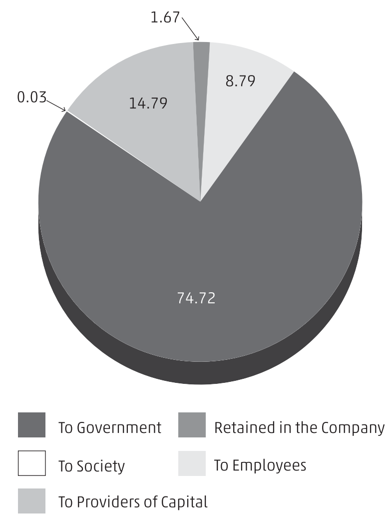
Contribution to National Exchequer and Value Addition

During the year, the Company has contributed an amount of Rs 23,044 million as against Rs 14,737 million in 2014, towards the National Exchequer on account of GoP levies, taxes and import duties etc. Value addition in terms of net foreign exchange savings worked out to US$ 501 million through import substitution by manufacturing 302 thousand tonnes of Urea and 768 thousand tonnes of DAP during 2015. Contribution to the economy included Rs 2,960 million in the form of Shareholders' returns through cash dividends, Rs 1,601 million on account of payments to providers of capital in the form of mark-up and interest, while employees' remuneration and benefits stood at Rs 2,710 million.

EBT and Contribution to National Exechequer



Wealth Distribution (%)



	2015 Rs in million	%	2014 Rs in million	%
WEALTH GENERATED				
Total revenue inclusive of sales tax, other income and subsidy	71,736	232.63	59,056	262.56
Purchases - material	40,898	(132.63)	36,564	(162.56)
	30,838	100.00	22,492	100.00
WEALTH DISTRIBUTION				
To Employees				
Salaries, wages and other benefits	2,710	8.79	2,353	10.46
To Government				
Income tax, sales tax, custom and excise duty	14,700	47.67	12,052	53.58
GIDC	7,902	25.62	2,345	10.43
WPPF + WWF	442	1.43	340	1.51
To Society				
Donations and welfare activities	8	0.03	70	0.32
To Providers of Capital				
Dividend to shareholders	2,960	9.60	3,752	16.67
Finance cost of borrowed funds	1,601	5.19	1,299	5.78
Retained in the Company	514	1.67	280	1.25
	30,837	100.00	22,491	100.00

Say No To Corruption

Directors' Report

Cash Flow Management

The Company is committed to a strong financial profile, which gives us the financial flexibility to achieve our portfolio optimization goals. An effective cash flow management system is in place whereby cash inflows and outflows are projected on regular basis, repayments of all long term and short term loans 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 alteration to the Company's practice to capital management during the year and the Company is not subject to any externally imposed capital requirements. In order to achieve our goals for the furtherance 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 the business objectives.

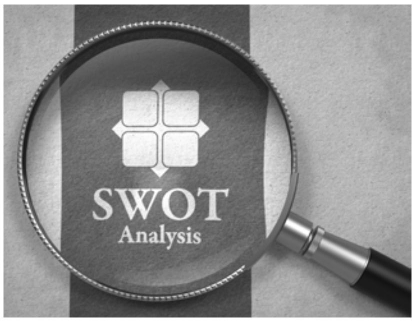
Risk Management

The management of the Company is primarily responsible for risk management, but the Board of Directors, internal auditors and external auditors also play critical roles. Risk management is the process of identifying, quantifying and managing the risks that an organization faces. As the outcomes of business activities are uncertain, they are said to have some element of risk. These risks include strategic failures, operational failures, financial failures, market disruptions, environmental disasters, and regulatory violations.

While it is impossible that companies remove all risk from the organization, it is important that they properly understand, prioritize and manage the risks that they are willing to accept in the context of the overall corporate strategy.

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. The Board also receives assurance from the Audit Committee, on the basis of 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.



SWOT Analysis

Strengths

- The only granular Urea plant in Pakistan
- The only DAP manufacturer in Pakistan
- Offshore jointly controlled entity to secure supply of raw material
- Competent and committed human resources

Weaknesses

- Dependency on single source of gas supply
- Dependency on costly logistics in the absence of proper railway network

Opportunities

- Growing fertilizer demand in the country
- Diversification of investment and products
- Opportunity to export fertilizer
- Brand goodwill

Threats

- Increasing trend of gas price and curtailment
- Decreasing trend of international fertilizer prices
- Fluctuation in international prices of DAP and Phosphoric Acid
- Domestic law and order situation

Major Risks faced by FFBL along with their responses are given below:

	No.	Risk	Mitigating Factors
Strategic	1	Increasing Trend of Gas Curtailment	FFBL has incorporated new company FFBL Power Company Limited which will generate power based on coal. Further FFBL is in close coordination with Ministry of Petroleum and SSGCL for resolution of gas curtailment.
	2	Supply of Phosphoric Acid	FFBL has a jointly controlled entity with OCP Group Morocco to ensure uninterrupted supply of Phosphoric Acid.
	3	Frequent technological advancements	FFBL uses proactive approach in introducing and implementing the latest technology from time to time. Our plants are high-tech with state of the art technology which is continuously upgraded.
Environm-ental	4	Environmental Risk	Since inception management at FFBL is very conscientious about environmental safety and has never compromised on contributing to improve environment & safety standards in order to emerge as environment friendly organization.
Financial	5	Interest Rate Risk	FFBL manages its working capital requirements by maintaining a mix of Foreign Currency Import Finance (FCIF), Demand Finance and RF lines. KIBOR movement is also closely monitored.
	6	Liquidity Risk	Availability of funds is always ensured prior to any payment or contractual obligation. Working capital lines are also available to avoid any cash crunch.
	7	Credit Risk	FFBL's sales are mostly on cash or advance basis providing adequate cover against this risk. Credit sales are covered by bank guarantees.
	8	Market Risk	The Company stands exposed to all market risks in the normal course of its business operations.

- General inflation and environmental threats (floods)

Risk and Opportunity Report

FFBL has always been conscientious about business, political, social and environmental aspects of business, while moving forward on economic front and overall growth of the organization. Significant risks and opportunities being tackled by FFBL are described below:

Risks

1. Security and political situation in the country is volatile
2. Gas diminution due to diversion of gas to other sectors by GoP
3. Fluctuating exchange rate
4. Unexpected imposition of duties, taxes, etc. on the products and raw materials of the Company
5. Frequent change in legal and regulatory environment in which the business operates
6. Unpredictable international market situation with reference to phosphate, sulphur and nitrogenous products

Opportunities

1. Increase in fertilizer production to secure food for a growing population and obtain optimum yield
2. FFBL management has envisaged the importance of Company's growth through business expansion and diversification
3. Delivering premium quality fertilizer to farmers for better yield
4. Stimulate technological innovation, advance competitiveness, and improvement in quality of life
5. Savings of precious foreign exchange in terms of import substitution

Financial Reporting

The CE & MD and CFO affirmed 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.

Safeguarding of Financial Transactions and Records

In an era of ever modifiable technological and business environment, organizations record their transactions to determine their performance and keep the records for future reference. This entails requirement for ensuring backup and security of data with modern IT enabled tools.

After implementation of SAP - ERP system, existing financial and supporting record has been archived using Database Management System (DMS) enabling timely and efficient retrieval. After completion of archiving, paper based documentations were placed in a proper storage facility, for legal requirements.

A comprehensive password protected authorization matrix in SAP - ERP system is in place to ensure access to electronic documentation to the authorized personnel. A disaster recovery procedure is followed for maintaining off site backups. They reduce both the risk and impact for any unforeseen situation.

Dividend

Based on the performance of the Company, the Board is pleased to propose a final dividend of Rs 3.05 per share (30.50 %) in respect of the financial year ended December 31, 2015. This final dividend will be subject to the approval of shareholders in their meeting scheduled on 8 Mar 2016. Moreover, one interim dividend of Re 0.75 per share (7.5%) was also paid during the year.

WHISTLE BLOWING POLICY

The whistle blowing deals with suspected wrong doing on the workplace that causes material harm (internally-criminal offence, monetary loss, compromising health & safety of employees etc) as well as organization reputation loss (externally-money laundering or bribery, violation of laws, direct threat to public interest i.e. membership of banned outfits etc.).

The purpose of FFBL's whistle blowing policy is to achieve the highest possible standards of transparency, honesty, integrity, fairness and accountability by fearlessly participating in the process. This policy is designed to create a healthy culture that is in the greater interest of both employees and the Company.

FFBL's whistle blowing policy provides an internal procedure to resolve work-related issues fairly. The work problems may be related to situations where employee feels that established organizational policies and practices have been violated or have not been consistently applied, or any other matter of serious concern to employees. This policy applies to all categories of employees, management and Board of FFBL and individuals or enterprises associated with FFBL by any means.

Raising a Concern

Individuals may raise a concern through various channels including:

- If the matter is of a compliance nature, the whistle blower may go to his direct supervisor or in extreme case may go to the Head of Department.
- If the matter relates to any other issue, whistle blower can contact higher authorities. All whistle blowing disclosures made to the whistle blowing unit will be treated as confidential.
- The whistle blower should make it clear that they are making their disclosure within the terms of the Company's whistle blowing policy. This will ensure that the recipient of the disclosure realizes this and takes the necessary action to investigate the disclosure and to protect the whistle blower's identity.

Methods of Reporting a Concern

- Confidential call
- E-mail
- Regular Mail

Whistle Blowing Unit

The Whistle Blowing Unit will consist of the following:

- Company Secretary
  Chairman
- GMF
  Member
- Head HCM
  Member
- Head Internal Audit
  Member
- Head of respective department/ division
  as and when required.

Handling a Concern

1. Each concern received by the whistle blowing unit is to be logged and assigned a code that will be used in a subsequent investigation and reporting of the concern.
2. Initial inquiries / assessments will be made by Head Internal Audit in consultation with other members to determine whether an investigation is appropriate, and the form that it should take. Some trivial concerns may be resolved by agreed action without the need for investigation.
3. An investigation will only be conducted if available information is sufficiently specific and if it contains adequate corroborating evidence to warrant an investigation.
4. The whistle blowing unit in consultation with respective head of division / department shall nominate a person either from within the department and / or from any other

department to investigate the concern.

5. A person who is investigating any concern under this policy shall be empowered to seek information from the relevant persons and the concerned departments of the Company shall also cooperate with him.
6. An investigation will be preferably completed within 30 days from lodging the concern.
7. The whistle blowing unit shall acknowledge receipt to the whistle blower within 7 days of receipt of concern, with the indication that the matter will be dealt with as per Company policy.
8. At the end of the investigation, a written report that provides the findings, basis of findings and a conclusion is to be submitted to the CE&MD.
9. Whistle blowing unit should mutually decide about disposal of the concern and disseminate messages across the Company for the avoidance of such incidents in the future.
10. Whistle blowing unit will recommend to CE&MD for further investigation if required. In case of split decision, the case will be referred to CE&MD.
11. Head internal audit will produce a quarterly report documenting all concerns and the actions taken to resolve them for the review of CE&MD.
12. Yearly summary of the concerns raised and their disposal will be reflected in annual report of the Company.
13. Records of all whistle blowing concerns, investigations, and reports will be retained for at least 5 years.

Possible Outcomes After Reporting a Concern

There will be no adverse consequences for anyone who reports a whistle blowing concern in good faith. However, any individual found responsible for making allegations maliciously or in bad faith may be subject to disciplinary action.

Disclosure to External Bodies

Whistle blowing unit is not allowed to disclose internal concerns to any of the external bodies unless the concern raised involves legal provisions or disclosure is required by law.

Information Technology Governance Policy

IT department of FFBL provides a variety of services and infrastructure facilities for usage by a range of users. The governance of the IT at FFBL is principally aligned with this policy.

It is a process of defining and designing IT services in accordance with International Standards at FFBL. International Standards lay a foundation for a compliant setup that meets business requirements at FFBL.

The purpose of an Information Technology Governance (ITG) Policy is to define IT Governance scope, role and responsibilities for efficient management, maintenance and upgrade of IT infrastructure. This policy will help in establishing an efficient IT department that provides services to a range of end users. ITG will also guide the IT department in supporting the organization in achieving its strategic goals and objectives through effective provision of IT services.

Information Technology Governance policy applies to IT department of FFBL and all departments and facilities that uses IT services. The IT Manager together with General Manager Finance shall establish and monitor implementation of IT Governance. It is the responsibility of IT Department to guarantee a maintained and updated IT

Infrastructure and to assist FFBL in achieving its objectives.

Implementation of the policy is the responsibility of IT Department. For this purpose IT Manager may establish procedures and may designate responsibility to certain staff members. The end user is obliged to comply with the policy. Major incidents that may cause disruption of critical Information Technology services will be reported to IT manager by IT staff immediately.

FFBL will provide IT Services based on ISO standards (ISO 27001 and ISO 27005) for Information Security and Risk Management, Information Technology Infrastructure Library (ITIL) for services management. ITG principles lay down foundation for this compliance and delegation of responsibilities.

All employees of IT are accountable for their individual responsibilities. The job descriptions for employees will lay reference to each assigned area of Information Technology functions. Further to this, policies would be created and procedures defined that will lay down foundations for compliance by staff.

Provision of Support Functions

The purpose of IT department at FFBL is to fulfil the technological requirements of FFBL and also to act as a technical support function to the organization.

Authorized Acquisition

The needs and requirements of IT Department for service provisioning are to be fully supported through procedural requisitions. Financial costs and risks associated with the acquisition are evaluated for compliance with short term and long-term effects.

Good Performance

Information Technology department is expected to perform in accordance with the needs and requirements of the organization and to provide support to the users.

Regulatory Compliance

Compliance is assured through regulatory implementation and management of strategy, processes, technology and human force. The aim is to assure adherence to laws, regulations, guidelines and specifications relevant to the business. ISO Standards 27001 and 27005 are followed for security control implementation across IT systems at FFBL. Following actions will assure regulatory compliance through International standards:

- Risk Assessment: To determine risk and the impact associated with the risk as a result of unauthorized access, disruption, modification, use or destruction of information and information systems. These risks are to be mitigated in order to support FFBL operations and assets.
- Policies and Procedures: Policies and procedures are to be maintained in order to make sure that information systems are able to detect, report and respond to IT related incidents and to ensure operational continuity.
- Information technology and Information security Awareness Trainings: Employees are to be trained in regards to the risks associated with their jobs and organizational IT policies and procedures.
- Testing and evaluations: Effectiveness of policies, procedures, practices and controls are to be tested every second quarter of the year.

Directors' Report

Human Factor

The design of infrastructure would be user friendly according to business requirements and needs. The policies, procedures and decision making in the information technology at FFBL shall be in line with the requirements of the users and their evolving needs in the organization.

Investor Grievances Policy

The investor grievance means the complaints or resentments raised by investor against a listed company. The purpose is to provide a process for the effective management and resolution of concerns, disagreements or complaints that may arise between the investor and the company. Secondly, to facilitate an environment where all stakeholders can voice their concerns so that these can be dealt fairly and expeditiously using a transparent and consistent process. It also provides a method of properly addressing concerns raised by investors on any issue.

This policy applies to all categories of investors. The Company Secretariat will address grievances that are in writing and signed by the person making the grievance (hereinafter referred to as the "Complainant"). Complaint can be reported through E-mail and Regular Mail.

Handling a Complaint

1. A designated e-mail ID will be created namely investor.grievances@ffbl.com and the same will be displayed on our website. This E-mail ID would be monitored by Secretariat of the Company on daily basis.
2. Grievances will be actioned and resolved promptly, objectively, with sensitivity and in complete confidentiality.
3. The views of each complainant and respondent are to be respected and no party to a grievance is to be discriminated.
4 All investor grievances will be resolved within time period of 10-30 working days of the receipt of the complaint to the Secretariat.
5. All the Investor Grievances received at the following E-mail ID investor.grievances@ffbl.com will be forwarded to concerned department for inputs on the grievances within 1-3 working days of the receipt of the complaint. The concerned department would give response on the complaint within 10 working days.
6. The grievance handling system would include a systematic follow up process to implement positive steps to prevent valid grievances from recurring; and promote opportunities for improvement.
7. The principles of natural justice would be applied to ensure fairness and justice for all parties; and a solid basis for arriving at fair, impartial and independent decisions.
8. Regardless of whether a complaint is informally or formally raised, it will be appropriately actioned.
9. Written records of each complaint, investigation and its outcome shall be retained.
10. All the investor grievances would be updated in excel sheet on the same day of the receipt of the complaint.
11. Company Secretariat will ensure that all the information i.e. from the receipt of the complaint till the resolution would be updated in the excel sheet as well in the form of hard copy.

Possible Outcomes

A full explanation for decisions and actions taken as part of the process shall be provided to the complainant and corrective actions agreed to are to be implemented as soon as practical.

Corporate Governance

At FFBL, Corporate Governance is a system of structuring, operating and controlling the Company, with a view to achieving long term strategic goals, aimed at fulfilling the shareholders, creditors, employees, customers and suppliers needs. Compliance with applicable legal and regulatory requirements, in a manner that is environment friendly and supports local community needs, has also been prioritized.

Corporate Governance is of prime importance, made possible by an informed and active Board of Directors, through adoption of a set of processes, customs and policies, to help us direct and control our activities with accountability and integrity. The Board's primary role is to protect and enhance long term shareholders' value. Simultaneously, 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 CE & MD. Following committees have also been constituted which work under the guidance of the Board of Directors:-

- Audit Committee
- Human Resource & Remuneration Committee
- Technical Committee

Best Corporate Practices

FFBL pursues perfection by encouraging adherence to the proficient corporate and ethical practices, as a model corporate citizen. The Board fully adheres to the international and local principles of best corporate governance. All periodic financial statements of the Company were circulated to the Directors duly endorsed by the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) for approval before publication. Quarterly unaudited financial statements along with Directors' Reviews were published and circulated to the regulators within one month. Half yearly financial statements reviewed by the Auditors were circulated within two months of the end of the period.

Duly audited annual financial statements along with consolidated financial statements were approved by the Board within one month after the closing date and shall be presented to the shareholders in the Annual General Meeting on March 8, 2015 for approval.

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

Code of Conduct

FFBL adheres to the most outstanding ethical standards in the conduct of business. Accordingly, Code of Conduct of the Company has been approved by the Board of Directors and placed on the website of the Company.

Internal Control System

An internal control system is designed to provide reasonable assurance that the Company fulfills the compliance with policies, plans and laws, efficient use of resources, accomplishment of goals, besides availability and integrity of financial and

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management information. The internal control system of FFBL is very comprehensive that 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. Instrumental are the morning briefs, both at head office and at plant site that are being applied by the top management to ensure that controls remain adequate and functions properly. In this realm, the Board of Directors has approved 'The Whistle-Blowing Policy' and 'Investor Grievances Policy'.

Auditors

KMPG Taseer Hadi & Co. Chartered Accountants have completed the annual audit for the year ended December 31, 2015 and will retire on conclusion of the next Annual General Meeting.

In view of the good corporate governance practices, the Audit Committee has recommended the appointment of Messrs Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants as External Auditors of the Company for the year ending December 31, 2016.

IT Governance and SAP-ERP System

IT Governance:

Innovation, Stability and Risk Management- The Basis for Future Competitiveness

Information Technology is an essential and inescapable component of today's organization. Not a function happens without an IT system being involved. It plays a crucial role in increasing the efficiency of complex business processes, reducing costs and improving revenue growth in a competitive environment. This is not only true for the fertilizer sector, but also for other industries in which FFBL is going to operate. Consequently at FFBL IT system solutions combine comprehensive industry know-how with esoteric IT expertise.

Consistent investment in new innovative solutions and the continuous enhancement of existing solutions secure FFBL's competitive position. The Board of Directors has approved a comprehensive IT Governance Policy which is being abided by.

The IT portfolio comprises of IT Services ranging from internal consultancy, development and implementation of customized applications down to operating its systems that are located in Karachi and Islamabad data centers.

New technologies like virtualization and cloud computing are seen thereby as opportunities to consolidate IT environment and at the same time gain the flexibility to adapt IT capacities to new and changing requirements.

Being the first in the implementation of SAP in the fertilizer sector, FFBL has the distinction of being the torch bearer and leading the way forward for the sector in Pakistan.

The distinction has been realized at the national level, and FFBL has been:

- Recipient of "Best Leadership Award" in ICT and its management for years 2012 and 2013.

After being the first organization in Pakistan certified as a SAP Customer Center of Expertise (CCOE), SAP has officially awarded FFBL with the Silver Medal of the prestigious 'SAP Customer Center of Expertise of the year Award'. The International CCOE Award Ceremony was held on November 19, 2015 in Heidelberg, Germany. FFBL had previously been awarded a Bronze Medal of the prestigious 'SAP Customer Center Of Expertise of the year Award' on November 19, 2014 in Frankfurt, Germany.

Embracing SAP Operational Excellence at FFBL and Risk Management

FFBL IT focuses on the design and performance of integrated systems and processes that enhance value through speed, flexibility and adaptability. Successful implementation and running of SAP system is the result of our focused approach in this regard.

With the enablement of core business processes in SAP and Lotus, information has become of pivotal importance highlighting the increased dependency on information systems.

While system failure or a significant loss of data could lead to serious business interruptions, virus and hacker attacks similarly could cause systems to malfunction. This could be critical and lead to the loss of business and / or confidential data.

In order to mitigate risks mission-critical IT systems are structured redundant as well as accommodated at separate locations. The ongoing technological innovations and the growing threat of cyber-attacks are latent potential risks for IT systems. With a pro-active IT security management targeting in particular mission-critical IT systems, these residual risks are countered. Requirements for corporate IT security are established within IT Security Policy and Security Guidelines whereby its strict compliance is subject to regular audits. Further potential cyber-attacks are countered by implementing industry grade antivirus solution, Intrusion Prevention System and firewalls. Over and above a highly efficient data backup system ensures safeguarding of all relevant data.

FFBL SAP Certified Center of Expertise

After being the first organization in Pakistan certified as a SAP Customer Center of Expertise (CCOE), SAP has officially awarded FFBL with the Silver Medal of the prestigious 'SAP Customer Center of Expertise of the year Award'. The International CCOE Award Ceremony was held on November 19, 2015 in Heidelberg, Germany. FFBL had previously been awarded a Bronze Medal of the prestigious 'SAP Customer Center Of Expertise of the year Award on November 19, 2014 in Frankfurt, Germany.

In this international competition FFBL participated in the category of 'Support Operations' where the judging panel assessed the operational strength according to Active Global Support (AGS) Best Practices and Application Lifecycle Management. It is worth mentioning that FFBL is the first organization in Pakistan to receive the SAP Customer COE of the year award.

Compliance with International Industry Best Practices

With the enablement of the latest SAP Solution Manager platform, FFBL is benefited from an integrated, process based, framework for managing services fully compliant with the industry's best practiced ITIL standards.

Utilizing concepts and services within SAP Enterprise Support and adopting SAP Solution Manager as a central tool for end to end

solution operation are progressive steps taken to achieve a holistic application lifecycle management.

Corporate Social Responsibility

Despite being growth-oriented business enterprise, FFBL is fully cognizant of its social responsibility towards the society in general and the country in particular. The Company duly realizes its responsibility in empowerment of the underprivileged communities, employee welfare, safe industrial operations and alignment of Company policies and practices in line with globally recognized principles. We are committed to conduct our business with a sincere concern for the world around us, in particular where our business has a potential direct impact. FFBL remains committed to an environmental policy of collaborating fully with regulatory authorities and local communities to minimize the effects of its activities on the natural and human environments associated with its operations.

Sustainable and responsible development has remained our primary concern since inception. FFBL has distinguished itself as a good neighbor, not only have we consistently delivered outstanding returns to our shareholders, we strive hard to be a good employer, to be a catalyst for the social and economic development of the communities in which we operate, and to minimize our environmental impact.

In Nov 2010, after approval by the Board, a long-term CSR Program was launched in collaboration with a renowned NGO, Human Development Foundation (HDF). As per MOU the NGO has to implement all program activities in Ghaggar Phattak Bin Qasim Town, Karachi and FFBL to provide funds up to Rs 49.1 million over a period of 5 years. HDF is engaged in community development activities with special emphasis on health and education promotion.

Performance overview of basic program areas for community development addressed by FFBL are:

Social Mobilization

A continuous process, for purpose of self reliance, three male and three female Village Development Organizations (VDOs) have been formed in the project area. These socially structured groups are formed to deal with social issues and to work collectively to create awareness on issues like improved living conditions, personal hygiene, basic human rights, economic development, basic education and resolution of petty disputes on their own. These social structures also provide facilitation and point of access to the concerned

We are committed to conduct our business with a sincere concern for the world around us, in particular where our business has a potential direct impact.

government departments for provision of basic facilities to their area.

Basic Health Facilities

A community health centre (CHC) was established in February 2011. The project area constitutes one male and one female medical doctor and necessary para medical staff treating 70 to 80 patients per day. Moreover, a clinical laboratory has also been established to carry out baseline investigations. So far, 94,245 outdoor patients have been treated and 3,526 lab tests have been conducted till December 31, 2015 in CHC.

Education

An elementary girls school (from grade 6 to 8) was established in rented building in 2011. During 2014 construction of new school building was completed on a purchased plot in the same vicinity along with setup for computer and science lab. The school has been upgraded to 10th grade and is fully functional since November 2014. Presently, 84 local girls are enrolled and five teachers have been employed for the purpose with particular emphasis on female and adult literacy.

Environmental Sustainability

In 2012, FFBL started project for installation of Water Purification Plants in the vicinity of Ghaggar Union Council. Two water filtration plants were installed in 2012 and 2013 which are in service at Goth Natho Khoso & Goth Haji Jungi Khan. Work on another plant was started in 2014 at Haji Khan Zuhrani to provide safe drinking water to the population of the area which became operational in June 2015. The fourth water filtration plant has also been installed in December 2015 and is in service at Goth Haji Najab Ali.

Economic Development

Young members of the community have been enrolled for various vocational diplomas and short courses through FFBL in the area of cutting, sewing, beautician, computer and mechanical courses. Youth from the project area were sent to various technical / vocational training institutes, namely Vocational Training Centre, Steel Town Karachi, Hunar Foundation Karachi, and Sindh Madrasa Board Institute of Technology, Gadap, Karachi. So far 71 students have been provided technical skills through these institutes. FFBL in collaboration with other organizations is also providing financial assistance to the enrollees.

Philanthropic Donations

FFBL's CSR strategy is an integral part of company's culture and reflects its core values including contribution towards society for development for the country. FFBL has regularly donated for the promotion of education, basic health facilities for under privileged areas and for a national cause/welfare. CSR remains an ever evolving and continuous process at the heart of FFBL management striving to accommodate the local needs on priority basis, involving the community, local government and FFBL management.

We are acutely aware of participative relationship that we share with society, persistently investing in the interventions related to education, health, sports, fund raising for ex-FFBL employees, sponsorships, IDPs, flood affectees. Contributions amounting to Rs. 8.3 mn were made during the year to:

- Al-Shifa
- Yaldarm Foundation
- Dr. A Q Khan, Hospital Trust, Lahore
- Swat Festival Rehabilitation of Chitral Flood Affectees 22 Brigade, Swat
- 36 Azad Kashmir Regiment for Rehabilitation of IDPs of Barwand Bowl/Shawal Valley, Waziristan Agency
- Saba Trust
- Sir Syed School and College
- Bolan Open Golf Tournament, Quetta Golf Club
- Polo Team – Maj. Gen. Shahid Hamid Khan Memorial Polo Cup
- Al-Mustafa Trust
- Foundation for Progress

Energy Conservation

Natural gas is the main feed and energy source of fertilizer for production and power generation. Therefore energy conservation is a key strategic driver for plant modernization and revamping projects, which translates into reduction in energy consumption and increase in the production capacities.

As part of our continuous improvement program, we are consistently striving to improve the specific consumption of gas that we use to produce Urea and DAP.

In view of Natural Gas crisis in the country, we carried out in-house modifications and developed strategies / procedures so that our plants could be operated at very low capacities. These changes also helped in significant reduction of gas losses by avoiding frequent start-ups and shut-downs of our production facilities. In the past, FFBL has undertaken following projects to increase over all plant capacity through efficient utilization of energy.

- Ammonia BMR
- DAP Revamp
- Commissioning of Hydrogen Recovery Unit

Environmental Protection Measures

FFBL recognizes its responsibility towards protecting, preserving and improving the environment since commissioning of its Ammonia, Urea and DAP plants. FFBL management believes that protecting the environment is not only an ethical and legal obligation but also a mechanism for success.

FFBL got certified for Environmental Management System (ISO 14001:2004) in 2004 to strengthen its dedicated efforts towards the prevention of pollution in air, water and soil. FFBL is forerunner fertilizer industry in the country which opted for environment friendly Phosphate based cooling water treatment program.

FFBL has since come a long way in its efforts to conserve and preserve the environment, whether it is by maintaining the National Environment Quality Standards (NEQS) legal compliances in our emissions and discharges or by deploying new equipments / instruments to enhance environmental monitoring, growing trees and plants inside and outside factory premises and by providing awareness program for our young engineers, operators, neighboring industries and general community.

Few highlights regarding environment protection measures by FFBL are as follows:

- Effective monitoring and control of emissions and discharges
- Use of environment friendly oxo-biodegradable polyethylene liner for packaging of DAP & Urea products
- Third party analysis of environmental samples
- Investment in new technologies to improve environmental monitoring
- Emissions monitoring of neighboring industry
- Growing of trees and plants
- Use of cooling water blow down for horticulture

FFBL is very much concerned about its environmental performance with respect to gaseous and liquid effluents as part of moral and legal obligation. Being a member of "Self Monitoring and Reporting Tool" (SMART) program launched by federal "Environmental Protection Agency" (EPA), monthly report of all analysis of gaseous and liquid effluents is submitted to "Sindh Environmental Protection Agency" (SEPA) on regular basis. In addition to this reporting, FFBL's laboratory had arranged third party analysis from M/s SGS

Plant completed 12 million safe man-hours on August 15, 2015 and 82 months of safe operations on December 31, 2015 since last Loss Time Injury in February 2009.

Lab (a certified laboratory by SEPA) for all gaseous and liquid effluents during the month of October and November 2015.

FFBL invested in new and latest technologies to incorporate them in its environment monitoring program. A high-tech waste water composite sampler was installed to collect a composite sample of waste water from channel. This sample collects a composite sample of 24 hours which was previously collected as a grab sample.

FFBL has also installed underground hand pumps near its evaporation pond to monitor the quality of underground water. These pumps collect the water sample at a depth of about 120~150 feet.

Analysis of Urea and DAP stack was performed by using an Iso-kinatic sampling apparatus. This sampler collects the gaseous sample at the same velocity at which it is going out of stack.

FFBL has always taken the lead to provide facilities for monitoring emissions of neighboring industries like Exide Sulphuric Acid Plant. This helps these industries to control their emissions to protect the environment.

FFBL has focused on growing of trees and plants inside and outside factory premises to have a positive impact of greenery at factory and surrounding areas. FFBL has successfully converted the barren areas inside and outside its premises into lush green belts. Total trees planted are 8,000. (Fruit trees 3,000 other trees 5,000).

Waste water at FFBL is mainly contributed by cooling water blow down. After monitoring the quality of blow down water it was decided by FFBL management to use main part of cooling water blow down for horticulture. At present we are continuously using 75 % of this water to maintain trees and plants inside and outside FFBL premises.

Occupational Health and Safety

FFBL is committed for maintaining a safe workplace by following health and safety rules and practices. FFBL is striving to make a safe and incident free workplace. In its "Safety First" policy, the Company has put forth all its efforts to incorporate safety and health in all its programs, awareness campaigns and implementations. Safety activities are carried out that enhance active participation by all employees such as Safety Talk, Safety Slogan Competition and Safety Trainings.

Plant completed 12 million safe man-hours on August 15, 2015 and 82 months of safe operations on December 31, 2015 since last Loss Time Injury in February 2009. FFBL is a member of National Safety Council, USA since 2001.

Environment Excellence Award

Fire Protection Association of Pakistan (FPAP) bestowed FFBL with 12th Annual Environment Excellence Award organized by National Forum for Environment and Health (NFEH) in August 2015 in recognition of its compliance to safe work practices, comprehensive fire fighting facilities and safety culture among contemporary industries.

Say No To Corruption

Directors' Report

DuPont STOP™ Training

FFBL engaged DuPont, a world renowned safety trainer and consultant, to enhance overall safety awareness. DuPont STOP™ is a renowned behavior based safety training program. Accordingly, a 7-day training on "Safety Training Observation Program (STOP™)" was conducted by DuPont consultant at plant site during August 2015. FFBL has implemented the same for safety of its human capital and improvement in safety culture.

Reverse Osmosis Unit with Ultra Filtration System

To minimize liquid effluents from plant, M/s Hydrotech Italy designed Reverse Osmosis Unit (ROU) with Ultra Filtration System. The ROU was successfully commissioned during 1st week of August 2015 for reduction in Cooling Tower blow down and Demineralization trains regeneration effluent. This has resulted in reduction of blow down by ~ 40 m3/hr.

Oxo-biodegradable Polyethylene Liner

From July 2015, the company has started use of Oxo-biodegradable Polyethylene Liner for packaging of its DAP & Urea products to reduce the quantum of waste generated after using fertilizer by the farming community. Use of oxo-biodegradable polyethylene liner is a major milestone achieved by FFBL towards protection of environment.

Health, Safety and Environment Seminar

FFBL arranged third International HSE Seminar on December 17, 2014. His Excellency President of Pakistan, Mr Mamnoon Hussain graced the occasion as the Chief Guest. Two foreign and eight local speakers gave their presentations. More than 200 attendees including CEOs, Executives and HSE Professionals of various industries and institutions participated in this seminar. Members of the International Fertilizer Association also participated in the seminar. International and local companies presented their papers including Beer & Associates (Ireland), GPIC (Bahrain), Fauji Fertilizer Company Limited, Engro Fertilizers, EFU Insurance, Commit Safety Management and the host FFBL.

Shareholders' Information

To update shareholders about the operations, growth and state of affairs of the Company, the management promptly disseminates all material information including announcement of interim and final results to the Stock Exchanges. Quarterly, half yearly and annual financial statements are accordingly circulated within stipulated timeframe to all concerned. Similarly, notices and announcements of dividend are transmitted to all stakeholders and regulators within the time, laid down in the Code of Corporate Governance, Companies Ordinance 1984 and listing regulations of Stock Exchanges. The same are also uploaded immediately on Company's website (www.ffbl.com).

Shareholding Pattern

Company shares were quoted on all three Stock Exchanges i.e, Karachi, Lahore and Islamabad (now there is only one i.e Pakistan Stock Exchange). A total of 1,051.35 million company shares were traded only on the Karachi Stock Exchange during the year and the free float of shares stood at 31.42%. The market capitalization of the Company stock was recorded at Rs 49.21 billion at the close of 2015. FFBL shares were subject to a wide range of trading from a high of Rs 66.52 per share to a low of Rs 43.79 per share, closing the year at Rs 52.68 per share.

There were 15,152 shareholders of the Company's equity at the close of 2015. About 82.16% of total shares outstanding were closely held by the sponsors, investment companies, financial institutions and other corporate bodies. About 2.02 % shares were kept by the foreign shareholders.

Issues Raised in the Last AGM, Decisions Taken and their Implementation

The clarifications against issues have been given by the management as under:-

Gas Curtailment & Increase in Gas Price

As a result of negotiations with SSGCL & GoP position of Gas load has improved during 2015 as compared to 2014 (improved from 59% in 2014, to 71% in 2015 thus reducing overall gas curtailment from 41% to 29%). Efforts are still being made to get full load of gas as per original agreement with government. Position of gas load is expected to improve with the import of LNG upon finalization of deal of GoP with Qatar government as LNG can enable our plants to operate at full load provided we get our full allocation of gas. Pricing of LNG will be critical in determining its consumption in the Fertilizer Industry.

Environmental impact of Coal project.

The detailed EIA of the project was carried out and the Sindh Environmental Protection Agency has already issued its NOC to the project. Being aware of the environmental obligations, the Company has designed the plant to meet World Bank Guidelines (WBG) i.e. more stringent with respect to SOx & NOx emissions instead of following local NEQS. Furthermore, Continuous Emission Monitoring System (CEMS) is being installed allowing effective emissions monitoring and automatic corrective actions. This has resulted in additional capital expenditure along with higher operating expense but will result in reduced emissions.

Persistence and Survival in Meat Business.

Fauji Meat Limited (FML) has an efficient and export oriented business model through which it will start business at corporate level instead of running an incremental business. Moreover, FML has installed a state of the art plant, and risk mitigation strategies are integral part of it. In addition, all international standards are being followed in the business. It can be anticipated that the Company will attain good profit in food business.

The Company is focusing on all three components i.e. animal sourcing, processing plant and marketing equally and renowned consultants were hired for the purpose. It is hoped that this will be a fruitful business for the Company. More so, it is a growing business and meat has heavy demand in international market.

Directors' Report

Diversification.

In order to cope up with the current major power and gas shortages, Management of Fauji Group envisaged the importance of company's growth through business expansion & diversification into sectors other than Fertilizer.

Coal Power Plant (FFBL-Power Company Limited): Installation of 118 MW Coal Based Power Project at Plant site is underway. This will not only meet the requirement of FFBL but will also be able to sell surplus electricity to K-Electric. Operation of the project is anticipated to commence in the first quarter of 2017.

Meat Business: FML, a state-of-the-art Halal abattoir and meat processing facility near Port Bin Qasim, Karachi is being installed. It would be the pioneer to carry out the business at a corporate level.

FFBL and FF have also acquired Noon Pakistan Limited, a running Dairy entity in order to compete in current dairy industry. Previously, the Company was not able to transfer increasing cost of raw materials to its valued consumers by increasing sale prices, but with the future plans of up-gradation & growth, we intend to mitigate these exposures. FFBL together with FF, have obtained controlling interest with 51% voting and 51% non-voting shares of Noon Pakistan Limited on 04 September, 2015. The said acquisition will be beneficial for the Company as well as for all stake holders. The Company is now going for major expansions in its operations, which will reflect as better financial results during next years.

Increase in Administrative Expenses

Regarding increase in administrative expenses as compared to last year, it was due to increase in communication, advertisement and other expenses incurred as a result of expansion in business as the Company hired couple of new buildings, spent money on promotional activities and had to undertake extensive legal consultations.

Old Vintage Ammonia Plant

FFBL Ammonia plant was old when it was purchased but it has been revamped in 2007. Also it has two loops by which it can be run at low load even with low gas pressure by switching off one loop. Moreover, the obsolete technology is revamped and gradually changed.

Gender Discrimination and Harassment Policy

During the year a policy on gender discrimination and harassment is prepared and was also circulated to all departments of FFBL. Moreover, Company is adhering to very strict standards in this regard and has initiated gender balanced culture at all its workplaces.

Awards and Recognitions

Top 25 Companies Award

FFBL joined the elitist club at the Karachi Stock Exchange (KSE) for the fifth consecutive year and secured 5th position for the year 2013, among the top twenty five companies registered at this premier stock exchange of the Country. This is a matter of pride for the Company as the number of listed companies stands close to 581 at present.

KSE holds this competition to acknowledge best performing companies listed on the KSE. All companies are judged on the basis of a stringent criterion, set to focus on service to the shareholders and maximization of shareholders' wealth.

Best Corporate Report Award

The annual report is a company's most important strategic communication document, setting forth the company's vision, values and operating philosophy as well as communicating its past performance and outlining its future opportunities and growth prospectus, enabling an investor making an informed decision about investment in that company. The Best Corporate Report award was launched in the year 2000 with the main objective of promoting excellence in and improving disclosure relating to corporate reporting in Pakistan.

The Company achieved fourth position in Chemical and Fertilizer Sector awarded by the Joint Committee of Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) in September 2015.

CSR Awards

FFBL has received '4th Corporate Social Responsibility (CSR) Award 2015` in the category of 'Social Mobilization' from National Forum for Environment & Health (NFEH). Award was presented to the Company during 7th International Summit on CSR held at Islamabad on January 16, 2015. The Company has received CSR award for the fourth consecutive year.

FFBL achieved another distinction in "Corporate Social Responsibility Awards" in 2015 presented during 4th Summit on February 12, 2015 in Karachi in the category of Corporate Community Partnership. It is worth mentioning that it is the first time, FFBL has achieved 02 consecutive awards in the field of CSR in a single year in two different categories.

The Company also achieved CSR Business Excellence Award 2012, 2013 & 2014 organized by National Forum for Environment and Health.

Certificate of Excellence

FFBL received Certificate of Excellence in the category of Corporate Community Partnership for remarkable efforts in CSR activities in Pakistan during fourth Corporate Social Responsibility Summit.

Bronze Medal from SAP

After being the first organization in Pakistan certified as a SAP Customer Center of Expertise (CCOE), SAP has awarded FFBL with the Bronze Medal of the prestigious 'SAP Customer Center of Expertise award. The International CCOE Award Ceremony was held on November 19, 2014 in Frankfurt, Germany. FFBL was the first Company in Pakistan to gain the SAP Customer COE of the year award.

Silver Medal for SAP Support Operation

In recognition of its continuous excellence in the area of SAP support operations, FFBL has

recently been awarded Silver Medal for the year 2015. The Support Operations is about the overall collaboration with SAP Support in all areas with particular focus on Incident Management, Problem Management, SAP Solution Manager usage and SAP Support Services offerings. It ensures efficiency in Incident and Problem Management, usage of SAP automated checks and fully leveraging SAP Support Services.

Human Capital Development

The underlying Human Resource philosophy at FFBL is to embrace best human resource and corporate practices, manage its employees according to their potential and provide them with best of the resource base. The Management of FFBL, at the Annual Strategic Dialogue Conference in December 2015, declared 2016 as the "Year of Transformation". In this regard, HCM Division in 2015 enhanced the intrinsic value of the employees through many endeavors, some of which include:

- Employee Satisfaction Survey on

the quality of services provided by the department to its customers.

- HCM Conference 2015 titled "Together Towards Tomorrow" aimed towards enhancing the quality of services of HCM to all the other departments.

- Culture Meter Survey to gauge the prevailing organizational culture at FFBL and strategizing to build an epic corporate culture.

- FFBL aims at creating high performance culture with the aim to develop the management with a strong leadership oriented mindset while offering them a defined and rewarding career progression program. The need for such a system is augmented by the fact that the company is expanding and diversifying its operations into various fields to bank on new market trends and broaden its corporate base in Pakistan.

- HCM Division teamed up with Ascend Development Consultants to carry out a Performance Management Transformation exercise with the goal to develop an integrated and modern performance appraisal system and a competency framework including KPIs and goal settings for all of the organization at the department level.

- HCM Division also focused on assisting the new businesses by providing strategic and operational input in matters related to the Organizational structuring, Compensation and Benefits structuring, Policies formulation and above all choosing the right talent for FFBL Power Company Limited, Fauji Meat Limited and Noon Pakistan Limited.

- Gender Diversity has also been one of the major focus areas of the department in 2015 with the aim to introduce female voices at managerial level.

- At FFBL, opportunities are provided for focused training and participation in development programs across the board for enhancing technical and managerial expertise of the human capital. In this regard, the company invested almost Rs. 75 million throughout the year on the training and development of the employees.

Employees Retirement Benefits

Value of investments of Provident and Gratuity Funds as on December 31, 2015 (un-audited) is as under:-

	2015	2014
	Rs (millions)	
• Provident Fund	1,275	1,148
• Employees Gratuity Fund	667	564

Stakeholders' Engagement

FFBL stakeholders include the investment community, employees, contractors, national, regional and local governments, regulators, communities associated with our operations, business and jointly controlled entities, non-governmental and development organizations, suppliers, customers and media.

Engagement takes many forms. At the corporate level, our stakeholder engagement is focused on shareholders, capital market participants, government (usually at the national level) and civil society (principally national and international NGOs).

Pakistan Maroc Phosphore, SA (PMP)

By the Grace of Almighty, PMP has performed significantly well with respect to its operational and financial aspects. Major achievements during the year include:

- Ever highest yearly production of Sulphuric Acid by achieving 1,281,460 tonnes (114 % of design).
- Ever highest yearly production of Phosphoric Acid by achieving 429,398 tonnes (114 % of design).

The safety performance of the Company also remained compliant and the Company has achieved 4.1 million safe man hours since 2009.

First nine months of 2015 ended with an ever highest profit of 201 Million MAD (~ $ 21 Million) against the budgeted profit of 19 Million MAD (~ $2 Million), based on Moroccan Standards of Financial Reporting. The profit is mainly attributed to:

- Higher Production of Phos Acid (high load operation & reduced duration of annual shut down)
- Improved operational efficiencies
- Higher sales of Phos Acid (FFBL, International market and sales/ tolling for OCP)
- Exchange gain
- The outlook for the year 2015 is around 262 Million MAD (~ US$ 27 Million).

By the end of 2014, accumulated losses were 220 Million MAD (28% of equity). We expect to end the year with accumulated profit of 42 Million MAD (5% of equity).

In order to sustain and maximize profitability which is achieved by selling acid in the International market, PMP has launched a project to revamp sulphuric acid plant to 125 % of the design. The additional sulphuric acid thus produced will be used to produce additional Phosphoric Acid (approx. 15%) by utilizing available margins in existing Phosphoric Acid plant. Sulphuric Acid plant revamp is under way at cost of US$ 12 Million. Part of revamp job scope has already been implemented during annual turnaround of 2015. This has resulted in increased sulphuric acid plant load from 107% to 114 %. The remaining job scope of revamp will be implemented in turnaround of 2017 due to delivery of long lead items and will result in additional production and reduction in emissions.

Performance is expected to improve further in 2016 and hence should impact positively on the financial performance of PMP, in future.

Long Term Value

Wind Power Projects

Following shareholders' approval in the 16th Annual General Meeting, the Company paid Rs 2,347 million towards two wind power plants, Foundation Wind Energy- I Limited (FWE-I) (formerly Beacon Energy Limited) and Foundation Wind Energy-II (Private) Limited (FWE-II) (formerly Green Power (Private) Limited) of 49.5 MW each. Total estimated cost of each project is US$ 135 million. The projects have a "Debt to Equity" ratio of 75:25. The Company holds 35% shareholding in each project.

Both the projects have achieved Commercial Operational Date (COD) and are operating satisfactorily. During FY2015, after achieving Commercial Operations, both the companies supplied environmental friendly clean energy of 194.47 GWh to the national grid. The companies generated monthly invoices worth Rs2.91 billion against sale of energy and recovered 95.1% from NTDC against these monthly invoices.

Askari Bank Limited

As part of investment diversification, FFBL invested in Askari Bank Limited (AKBL) in 2013 and acquired 271,884 thousand shares representing 21.57% holding. Since acquisition by FF Group, AKBL has been delivering strong financial performance. This could be witnessed from the cash dividends that AKBL has declared since then. FFBL received its first dividend income from AKBL in 2014 and further received two dividends in 2015.

Though the changes in the interest rate environment have further compressed banking spreads, however, AKBL is optimistic and is strongly positioned to leverage on the improving economy, expanding branch network, wide range of products and service offerings. The expanding network aims to build on the existing momentum with the deposit growth targeted above the market. At September 30, 2015, AKBL's network reached 399 branches including 74 Islamic Banking Branches and a Wholesale Bank Branch in Bahrain.

Fauji Meat Limited

With a vision to be the leading local and international Halal Meat processing company, Fauji Meat Limited (FML) was incorporated in 2013 as a public limited company. FML is setting up a state-of-the-art Halal abattoir and meat processing facility near Port Bin Qasim Karachi, Pakistan with an estimated project cost of US$ 60 million. The facility is spread over 47 acres of land including the plant and 3 day animal holding area. Daily production capacity of the plant is 100 tons/day of Meat (85 tons of Beef and 15 tons of Mutton) in both Frozen and Chilled categories for worldwide export. The plant is designed to meet the objectives of processing high quality meat (Cattle, Buffalo, Sheep and Goat), value added products, by-products. FML will be the only meat processing Company in the country which offers Rendered products including Bone/ Meat Meal, Blood Meal and Tallow conforming to International Quality Standards.

Our strategic goal - creating new opportunities for business growth and diversification

The facility is designed and built in a modular configuration with provisions for adding more equipment and machinery, if need arises. The plant throughput for 8 hours shift corresponds to 100 tons of finished meat products which can be enhanced further by extending the shift. The facility is also equipped to process byproducts including Red and Green offals. There is a separate Rendering Plant to produce Blood, Bone and Meat Meals, Tallow.

The testing and commissioning activities of the facility have already been started. These activities are being carried out under the direct supervision of FML team and guidance from the foreign experts and consultants having worthwhile experience in the meat industry.

FML team is striving to develop long term business relationships with all of its stake holders including farmers, potential buyers, government agencies, traders, creditors, retailers in a systematic and organized manner.

Fauji Foods Limited

The Company is also advancing on its course of branching out into the dairy business which offers another area where the investment will bring good returns. With the acquisition of Noon Pakistan Limited in September, FFL has formally entered into dairy business with a vision to become one of the leading dairy companies of Pakistan. FFL is providing strategic direction and operational expertise to Noon Pakistan Limited, which will help it to become a profitable entity in near future.

Noon Pakistan Limited

Majority shares and Management Rights of Noon Pakistan Limited (NPL) have been acquired by FFBL in September. First and foremost objective was to steer the company in the direction where it would become one of the leading dairy companies of Pakistan, known for Quality Products, Innovative and Diversified Portfolio. A very aggressive business growth plan is being put in place under the supervision of a team who is capable of delivering that plan. State of the art equipment is being acquired to deliver un-compromised quality standards in our products. Our Brands will Insha Allah stand out in the market and will deliver our promise to our consumers. NPL has formulated a vision for the company, that is “Transforming Lives Through Nourishment”. This vision statement truly reflects Company`s ambitions and plans. NPL want to create value in the lives of the people by providing them nourishment through its products.

The Company is committed to perform well in Year 2016 and beyond, with the dedication and sense of purpose to come up to the expectations of Share Holders, Insha Allah..

FFBL Power Company Limited

The management of the Company fully perceives the depleting nature of the energy resources in the country and has continuously been working to find ways to utilize the scarce resources in the most expedient way. A separate entity by the name of FFBL Power Company Limited has been incorporated to overcome the energy crises in future by installing Coal Power Plant (CPP) project with power generation capacity of 118 MW within FFBL fertilizer complex as a substitute of natural gas fuel based system. The power generated will be used for existing fertilizer complex as well as for export to K-Electric. This new CPP project is planned to come on line by first quarter of 2017.

The Project is being implemented and managed by FFBL on multi-package approach through its experienced project team with the facility divided into various packages with respect to the nature of work and ordering convenience. The company has also engaged European based international Engineering Company M/s Istroenergo Group (IEG), Slovakia for the complete project implementation phase responsible for the Overall Detail Engineering & Integration.

Directors' Report

NEW HEAD OFFICE BUILDING

FFBL Centralized Head Office Building, a symbol of Unity and Identification, has been made operational. This modern era building with its beautiful Architecture and Interior Design will help in boosting the company's image and commensuration with its progressive Corporate Culture. It will provide Conducive Working Environment, Improved Security, Increased Efficiency, Better Coordination & other Requisite Facilities.

This state of the art building is located on Jinnah Boulevard, DHA II, Islamabad. It is an 11 Storey building with two Basements, constructed on 8 Kanals of land with a covered area of 176,342 Sqft. Adjacent plot of 8 Kanals has been developed presently as a green area to enhance the aesthetics of the building. Due to its unique and graceful design, the building has become a land mark and added to beauty of DHA II.

Salient Features of FFBL Head Office Building are as follows:

- Central Air Conditioning System
- Dedicated 11 KV Feeder from IESCO with Diesel Gensets Backup
- Building Management System for Centralized control of building services
- IT Systems & Data Center
- Elevators (3 Passenger + 1 Dumb Waiter)
- CCTV & Access Control Systems
- Fire Alarm & Suppression System
- Parking Capacity of 90 Cars & 25 Bikes

Other Common Facilities are as follows:
- Board Room
- Conference Room
- Meeting Rooms (All Floors)
- Dining Area with Kitchen
- Coffee Lounges & Waiting Areas
- Training Room
- Prayers Areas
- Gymnasium
- Medical Center
- Auditorium
- Library
- Bank Counter

Business Challenges and Future Outlook

FFBL looks forward to a bright future with ever increasing demand for food and fertilizer and shall continue to contribute towards self-reliance of country's agriculture.

The Company has managed to achieve adequate profits in the year 2015; however year 2016 would be another challenging year due to persistent gas curtailment, implementation of various investment and diversification projects. Despite all challenges FFBL is committed to perform and deliver best possible result under very challenging business and political environment. We shall continue to meet our strategic objective, long term goals and contribute towards country's revitalization.

Board's Evaluation

Pursuant to Code of Corporate Governance 2012, the Board of Directors approved a comprehensive mechanism for evaluation of Board's own performance. To meet the requirement, the Company engaged Pakistan Institute of Corporate Governance (PICG), an SECP recognized institute. This institute evaluated all the factors of Board performance in depth and based on inputs received from the Directors, all the aspects were found within the acceptable limit. The Company is evaluating the Board's performance since last year, which reflects compliance to the Code in letter and spirit.

CEO's Performance Review

The Chief Executive Officer is appointed by the Board of Directors for a period of three years. The Board establishes each year a list of goals, performance objectives and priorities that are the strategies deemed necessary in achieving overall milestones of the Company. The primary purpose of CEO's evaluation is to bring the CEO and Board together to discuss how their performance and priorities contribute towards the growth of the Company. CEO's performance is based on the following checklist:

- Ability to achieve mission and specific board objectives
- Achieving medium-long term goals and key strategies
- Development and management of resources, policies and systems
- Statutory reporting and compliance
- Ensure long term profit and commercial viability
- Acquisition and utilization of market intelligence
- Active communication with all board members
- Attendance to board meetings and activities
- Effective management of key responsibilities
- Delegation and authority
- Excellence in customer fulfillment
- Demonstration of personal qualities

The Board presents itself as a monitor by giving free hand to CEO in managing and implementing the predetermined key indicators of success. On the basis of CEO's performance, the Board provides constructive and honest feed back in a supportive manner to protect and strengthen the integrity of the role of CEO.

Role of Chairman

The Chairman leads the Board of Directors, represents the Group and acts as the overall custodian of the Group on behalf of the Board and the stakeholders. He is responsible for ensuring the Board's effectiveness. He empowers the Board as a whole to play a full and constructive part in the development and determination of the Company's strategy and overall objectives. The Chairman makes sure that the development of the Group's businesses and the protection of the reputation of the Company and its subsidiaries receives sufficient attention from the Board.

Role of CE & MD

The CE&MD is responsible for leading the execution of Company's long term strategy with a view to creating

Directors' Report

shareholder value. The leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long and short term plans. The CE&MD acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of management. He also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public.

Typically, the CE&MD acts as a director, decision maker, leader, manager and executor. The communicator role involves interaction with the outside world, as well as the organization's management and employees; the decision-making role involves high-level decisions about policy and strategy. As a leader of the company, the CE&MD, motivates employees, and drives change within the organization.

Board of Directors

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

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

Name	Attendance	Remarks
• Lt Gen Kahlid Nawaz Khan (Retd)	6	
• Lt Gen Muhammad Haroon Aslam (Retd)	6	
• Lt Gen Shafqaat Ahmed (Retd)	4	Joined 26 Mar 2015
• Lt Gen Naeem Khalid Lodhi (Retd)	2	Resigned 25 Mar 2015
• Mr. Qaiser Javed	6	
• Dr. Nadeem Inayat	5	
• Maj Gen Nasir Mehmood (Retd)	6	
• Maj Gen Muhammad Farooq Iqbal (Retd)	5	
• Maj Gen Syed Jamal Shahid (Retd)	6	
• Brig Raja Jahanzeb (Retd)	2	Joined 15 Sep 2015
• Brig Muhammad Saeed Khan (Retd)	4	Resigned 26 Aug 2015
• Mr. Naved A. Khan	6	
• Mr. Nasier A. Sheikh	6	
• Dr. Rashid Bajwa	4	

Board Committees

Audit Committee

Terms of Reference

The Committee comprises of five members including its Chairman. Four members are non-executive directors, while one is independent director. As per revised Code of Corporate Governance 2012, Chairman Audit Committee should be an independent director with effect from the election of directors which was held on August 20, 2013. Therefore, Mr Nasier A. Sheikh, independent Director, has been appointed Chairman of the Committee to meet this requirement of Code of Corporate Governance 2012.

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

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

Name	Attendance
• Mr. Nasier A. Sheikh	5
• Mr. Qaiser Javed	5
• Dr. Nadeem Inayat	4
• Maj Gen Nasir Mahmood (Retd)	5
• Maj Gen Muhammad Farooq Iqbal (Retd)	5

Technical Committee

Terms of Reference
This Committee comprises of 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, five meetings of the Technical Committee were held, attendance by the members was as follows:-

Name	Attendance
• Maj Gen Syed Jamal Shahid (Retd)	5
• Dr. Nadeem Inayat	2
• Brig Muhammad Saeed Khan (Retd)	2
• Brig Raja Jahanzeb (Retd)	1
• Dr. Rashid Bajwa	5
• Mr. Nasier A. Sheikh	5

Human Resource and Remuneration Committee

Terms of Reference
Human Resource Committee was renamed as Human Resource and Remuneration (HR&R) Committee as per Code of Corporate Governance 2012. The 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 Committee were held, attendance by the members was as follows:-

Name	Attendance
• Dr. Nadeem Inayat	3
• Maj Gen Nasir Mahmood (Retd)	3
• Maj Gen Muhammad Farooq Iqbal (Retd)	3
• Brig Muhammad Saeed Khan (Retd)	2
• Brig Raja Jahanzeb (Retd)	1
• Mr. Naved A. Khan	3

Training of the Board

FFBL is committed to Code of Corporate Governance 2012. To acquaint the Directors with code, FFBL has arranged sessions for Directors' Certification during the year 2015. All Directors of the Company participated and certified in July 2015 from SECP approved institution. However, one of the directors has been replaced subsequently and certification of the new member is also scheduled during the current year.

The orientation programme covered Corporate Governance, Management and Administration of Company, Operational and Financial Management, Corporate Reporting and transparency, Practical Tools for Board's Strategic Role and Managerial oversight.

Directors' Statement

Directors pleased to state that:

- The financial statement, prepared by the Management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statement and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statement and any departure there from has been adequately disclosed.

Directors' Report

Names of the directors who have attained the certification are appended below:-

- Lt Gen Khalid Nawaz Khan, HI(M), Sitara-i-Esar, (Retd)
- Lt Gen Muhammad Haroon Aslam, HI(M), S.Bt (Retd)
- Lt Gen Shafqaat Ahmed, HI(M), (Retd), Director
- Mr. Qaiser Javed
- Dr. Nadeem Inayat
- Maj Gen Nasir Mahmood, HI(M) (Retd)
- Maj Gen Muhammad Farooq Iqbal, HI(M) (Retd)
- Maj Gen Syed Jamal Shahid, HI(M) (Retd)
- Mr. Naved A. Khan
- Mr. Nasier A. Sheikh
- Dr. Rashid Bajwa

- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts regarding the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Information regarding outstanding taxes and levies, as required by listing regulations, is disclosed in the notes to the financial statements; and
- Statement of value of investments in respect of employees' retirement plan has been given in note-9.2 for employee gratuity fund and note-36 of the financial statements for employees provident fund.

Acknowledgment

The Board of Directors would like to express its appreciation for the efforts and dedication of all employees of FFBL which enabled the management to run the Company efficiently during the year resulting in attainment of good performance. The Board also wishes to recognize the extraordinary contribution of our customers, suppliers, bankers, SSGCL and Government of Pakistan in achieving Company's success and looks forward to their continued assistance in the future as well.

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

For and on behalf of the Board

Lt Gen Khalid Nawaz Khan,
HI(M), Sitara-i-Esar, (Retd)
Chairman

Financial Statements

for the year ended December 31, 2015

Statement of Compliance

with Code of Corporate Governance
For the year ended December 31, 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in regulation no 35 (XI) of listing regulations of Karachi, Lahore and Islamabad Stock Exchanges (now Pakistan Stock Exchange) 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 CCG 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:

Category	Names
Non-Executive Directors	Lt Gen Khalid Nawaz Khan, HI(M), Sitara-i-Esar, (Retd) Lt Gen Shafqaat Ahmed, HI(M), (Retd) Mr. Qaiser Javed Dr. Nadeem Inayat Maj Gen Syed Jamal Shahid, HI(M), (Retd) Maj Gen Muhammad Farooq Iqbal, HI(M), (Retd) Maj Gen Nasir Mahmood, HI(M), (Retd) Brig Raja Jahanzeb, SI (M), (Retd)
Executive Director	Lt Gen Muhammad Haroon Aslam, HI(M), S.Bt, (Retd)
Independent Directors	Mr. Naved A. Khan Mr. Nasier A. Sheikh Dr. Rashid Bajwa

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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

4. Three casual vacancies occurring on the Board on 02 Jan 2015, 25 Mar 2015 and 26 Aug 2015 were filled up by the Directors within stipulated period.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The Board has carried out performance evaluation on the basis of a comprehensive mechanism through PICG, and SECP's recognized institution.

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

8. 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 CE & MD and non-executive directors have been taken by the Board / shareholders.

9. 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, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

10. All the directors have attended and qualified SECP's approved Directors' Certification Training Programme during the year 2015. However, one of the Directors has resigned later and succeeding Director has to undertake certification in the current year.

11. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit,

including their remuneration and terms and conditions of employment.

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

13. The financial statements of the company were duly endorsed by CE & MD and CFO before approval of the Board.

14. The Directors, CE & MD and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

15. The Company has complied with all the corporate and financial reporting requirements of the CCG.

16. The Board has formed an Audit Committee. It comprises five members, of whom four are non - executive Directors and the chairman of the committee is an 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 CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

18. The Board has formed an HR and Remuneration Committee. It comprises five members, of whom four are Non-Executive Directors including Chairman and one independent Director.

19. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 the ICAP.

21. 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.

22. The ' closed period' prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

23. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

Lt Gen Muhammad Haroon Aslam,
HI(M), S.Bt, (Retd)

Chief Executive & Managing Director

Rawalpindi
26 January 2016

Review Report to the Members

on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Fauji Fertilizer Bin Qasim Limited ("the Company") for the year ended 31 December 2015 to comply with the requirements of Listing Regulation No 35 (XI) of the Pakistan Stock Exchange Limited (previously Karachi Stock Exchange Limited), where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures 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 of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2015.

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement partner
Syed Bakhtiyar Kazmi

Islamabad
January 26, 2016

Auditors' Report to the Members

We have audited the annexed balance sheet of Fauji Fertilizer Bin Qasim Limited ("the Company") as at 31 December 2015 and the related profit and loss account, 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 above said 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 accounts 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 accounts and are further in accordance with accounting policies consistently applied except for the changes as indicated in note 3 with which we concur;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with 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 31 December 2015 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
Syed Bakhtiyar Kazmi

Islamabad
January 26, 2016

Say No To Corruption

Balance Sheet

as at December 31, 2015

	Note	2015	2014
		(Rupees '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	4	9,341,100	9,341,100
Capital reserve	5	228,350	228,350
Accumulated profit		4,711,566	3,502,187
		14,281,016	13,071,637
NON-CURRENT LIABILITIES			
Long term loans	6	9,375,000	10,000,000
Deferred liabilities	8	2,734,408	3,276,805
		12,109,408	13,276,805
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	9	12,828,378	13,860,083
Mark - up accrued	10	279,593	233,141
Short term borrowings	11	17,987,560	3,087,407
Current portion of long term loans	6	625,000	–
Current portion of deferred Government assistance	7	1,296,401	1,944,600
Provision for income tax - net		–	775,158
		33,016,932	19,900,389
		59,407,356	46,248,831
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 37 form an integral part of these financial statements.

	Note	2015	2014
		(Rupees '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	12,126,103	12,202,673
Long term investments	14	17,894,621	12,130,788
Long term deposits		78,643	78,643
		30,099,367	24,412,104
CURRENT ASSETS			
Stores and spares	15	2,473,487	2,337,205
Stock in trade	16	4,549,432	1,557,296
Trade debts	17	1,024,702	1,466,063
Advances	18	797,346	880,687
Trade deposits and short term prepayments	19	40,609	28,097
Interest accrued		51,781	17,633
Other receivables	20	4,871,072	514,226
Income tax refundable - net		823,321	-
Sales tax refundable		1,128,203	760,734
Short term investments	21	4,607,748	9,230,117
Cash and bank balances	22	8,940,288	5,044,669
		29,307,989	21,836,727
		59,407,356	46,248,831

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

Say No To Corruption

Profit and Loss Account

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees '000)	
Sales - net	23	52,182,072	49,445,256
Cost of sales	24	(44,967,864)	(38,353,303)
GROSS PROFIT		7,214,208	11,091,953
Selling and distribution expenses	25	(3,819,533)	(3,314,074)
Administrative expenses	26	(1,426,987)	(1,317,635)
		1,967,688	6,460,244
Finance cost	27	(1,867,774)	(1,312,944)
Other operating expenses	28	(399,132)	(429,820)
		(299,218)	4,717,480
Other income	29	5,683,100	1,062,774
PROFIT BEFORE TAXATION		5,383,882	5,780,254
Taxation	30	(1,322,295)	(1,763,928)
PROFIT FOR THE YEAR		4,061,587	4,016,326
Earnings per share - basic and diluted (Rupees)	31	4.35	4.30

The annexed notes 1 to 37 form an integral part of these financial statements.

CHAIRMAN CHIEF EXECUTIVE DIRECTOR

Statement of Comprehensive Income

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees '000)	
Profit for the year		4,061,587	4,016,326
Other comprehensive income			
Actuarial losses	9.2.7	(49,878)	(51,155)
Total comprehensive income		4,011,709	3,965,171

The annexed notes 1 to 37 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

Say No To Corruption

Cash Flow Statement

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operating activities	32	(430,706)	12,211,576
Finance cost paid		(1,601,232)	(1,299,329)
Taxes paid		(3,509,260)	(1,929,904)
Payment to Gratuity Fund		(47,569)	(95,228)
Compensated absences paid		(32,317)	(40,697)
Payment to Workers Welfare Fund		(120,935)	-
Payment to Workers' (Profit) Participation Fund		(329,897)	(339,807)
Net cash (used in) / generated from operating activities		(6,071,916)	8,506,611
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,330,544)	(530,995)
Long term investments		(5,763,833)	(3,208,803)
Proceeds from sale of property, plant and equipment		14,252	18,796
Dividend received from associates		590,643	300,009
Short term investments		8,137,539	(3,236,902)
Profit received on bank balances and term deposits		205,690	246,655
Net cash generated from / (used in) investing activities		1,853,747	(6,411,240)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans		-	10,000,000
Deferred Government assistance		(648,201)	(648,201)
Short term borrowings - net		11,950,000	(5,600,000)
Dividend paid		(2,960,416)	(3,752,313)
Net cash generated from / (used in) financing activities		8,341,383	(514)
Net increase in cash and cash equivalents		4,123,214	2,094,857
Cash and cash equivalents at beginning of the year		5,137,262	3,042,405
Cash and cash equivalents at end of the year		9,260,476	5,137,262
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:			
- Cash and bank balances	22	8,940,288	5,044,669
- Short term highly liquid investments	21	4,607,748	1,430,000
- Short term running finance		(4,287,560)	(1,337,407)
		9,260,476	5,137,262

The annexed notes 1 to 37 form an integral part of these financial statements.

CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR

Statement of Changes in Equity

for the year ended December 31, 2015

	Share capital	Reserves: Capital reserve	Reserves: Accumulated profit	Total
	(Rupees '000)			
Balance as at January 01, 2014	9,341,100	228,350	3,273,456	12,842,906
Total comprehensive income				
Profit for the year	-	-	4,016,326	4,016,326
Other comprehensive income	-	-	(51,155)	(51,155)
Total comprehensive income for the year	-	-	3,965,171	3,965,171
Transactions with owners recorded directly in equity				
Distributions to owners				
Final dividend 2013 (Rs. 2.25 per ordinary share)	-	-	(2,101,747)	(2,101,747)
First interim dividend 2014 (Re. 1.00 per ordinary share)	-	-	(934,110)	(934,110)
Second interim dividend 2014 (Re. 0.75 per ordinary share)	-	-	(700,583)	(700,583)
Total transactions with owners	-	-	(3,736,440)	(3,736,440)
Balance as at December 31, 2014	9,341,100	228,350	3,502,187	13,071,637
Balance as at January 01, 2015	9,341,100	228,350	3,502,187	13,071,637
Total comprehensive income				
Profit for the year	-	-	4,061,587	4,061,587
Other comprehensive income	-	-	(49,878)	(49,878)
Total comprehensive income for the year	-	-	4,011,709	4,011,709
Transactions with owners recorded directly in equity				
Distributions to owners				
Final dividend 2014 (Rs. 2.25 per ordinary share)	-	-	(2,101,747)	(2,101,747)
First interim dividend 2015 (Re. 0.75 per ordinary share)	-	-	(700,583)	(700,583)
Total transactions with owners	-	-	(2,802,330)	(2,802,330)
Balance as at December 31, 2015	9,341,100	228,350	4,711,566	14,281,016

The annexed notes 1 to 37 form an integral part of these financial statements.

CHAIRMAN   CHIEF EXECUTIVE   DIRECTOR

Say No To Corruption

Notes to the Financial Statements

for the year ended December 31, 2015

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. Previously, the shares of the Company were quoted on Karachi, Lahore and Islamabad stock exchanges of Pakistan. However, due to integration of these stock exchanges into Pakistan Stock Exchange effective January 11, 2016 the shares of the Company are now quoted on Pakistan Stock Exchange. The registered office of the Company is situated at 73 Harley Street Rawalpindi, Pakistan. The principal objective of the Company is manufacturing, purchasing and marketing of fertilizers. The Company commenced its commercial production effective January 1, 2000.

These financial statements are the separate financial statements of the Company in which investment in subsidiary companies, associates and joint venture is accounted for on the basis of direct equity interest rather than on the basis of reported results. Consolidated financial statements are prepared separately.

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 and compensated absences which are carried at present value of defined benefit obligation net of fair value of plan assets.

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 recognized 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 recognized 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 principal ones being in respect of mortality rate, withdrawal rate, 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

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 realizable 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.

2.4.4 Provision for doubtful receivables

The carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realizability of these receivables, appropriate amount of provision is made.

2.4.5 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.

2.4.6 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.

2.4.7 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 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 9.2. Amount determined by the actuary as charge for the year is included in profit and loss account for the year. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the year in which they arise.

Compensated absences

The Company grants compensated absences to all its employees in accordance with the rules of the Company. Under this unfunded scheme, regular employees are entitled maximum 30 days privilege leave for each completed year of service. Un-utilized privilege leaves are accumulated upto a maximum of 120 days which are encashable at the time of separation from service on the basis of last drawn gross salary. Provisions are made in accordance with the actuarial recommendation. Actuarial valuation is carried out using the Projected Unit Credit Method in respect of provision for compensated absences.

3.2 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income in which case it is recognized 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 accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. 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 realized.

Deferred tax is not recognized 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 joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized 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 taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3.3 Property, Plant and Equipment

3.3.1 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 bring 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 recognized net within "other income" in profit or loss.

The cost of replacing part of an item of property, plant and equipment is recognized 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 derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized 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 13. 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.

3.3.2 Intangibles

Intangibles are stated at cost less accumulated amortization and impairment loss, if any. Cost represents price equivalent of the consideration given, i.e., cash and cash equivalent paid for intangibles with finite useful lives are amortized over the period of their useful lives. Amortization is charged on a straight line basis over the estimated useful life and is included in the profit and loss account.

3.4 Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized 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 Investments in subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are initially recognized at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investments' recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed if there is a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit and loss account.

3.5.2 Investments in associates

Associates are those entities in which the company has significant influence, but not control over the financial and operating policies.

Investments in associates are initially recognized at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investments recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed if there is a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit and loss account.

3.5.3 Investments in Joint ventures

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.

Joint ventures are initially recognized at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investments' recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed if there is a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the profit and loss account.

3.5.4 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.

3.5.5 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 amortized cost using the effective interest method, less any impairment losses.

3.5.6 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. 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 recognized in other comprehensive income and presented within equity as reserve. When an investment is derecognized, 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.

3.6 Impairment

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account.

Impairment loss recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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 amortization, if no impairment loss had been recognized.

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant assets are assessed for specific impairment. All individually significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. Interest on the impaired asset continues to be recognized through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

3.7 Stores and spares

Stores and spares are valued at lower of weighted average cost and net realizable value.

For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amount of stores and spares on regular basis and provision is made for obsolescence.

Net realizable value is estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.8 Stock in trade

These are valued at the lower of weighted average cost and net realizable 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 less impairment, if any.

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 realizable 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.

3.9 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.

Financial assets mainly comprise investments, loans, advances, deposits, trade debts, other receivables and cash and bank balances. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are trade and other payables.

All financial assets and liabilities are initially measured at fair value. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

Trade and other payables

Liabilities for trade and other amounts payable are carried at amortized cost, which approximates the fair value of 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 amortized cost as reduced by appropriate provision for impairment, if any. Bad debts are written off when identified.

Notes to the Financial Statements

for the year ended December 31, 2015

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.

3.10 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances, short term highly liquid investments and short term running finance.

3.11 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark-up 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.

3.12 Provisions

A provision is recognized 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.

3.13 Dividends

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

3.14 Foreign currency

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 transaction. Exchange differences are included in profit and loss account for the year.

3.15 Revenue recognition

Sale for fertilizer

Sales revenue is recognized 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. Transfer of risk and transfer occurs upon dispatch.

Scrap sales and miscellaneous receipts

Scrap sales and miscellaneous receipts are recognized on realized amounts on accrual basis.

3.16 Basis of allocation of common expenses

The Fauji Fertilizer Company Limited 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.

3.17 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.

3.18 Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income, gain on disposal of available-for-sale financial assets and changes in the fair value of investments held for trading. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date when the Company's right to receive the payment is established. Gain on sale of investments is recognized on the completion of sales transaction.

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

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

3.19 New accounting standards and IFRIC interpretations

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016:

-Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

-Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) (effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) however, entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.

-Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.

-Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Company does not intend to opt for equity accounting for its investments in associates and joint ventures in its separate financial statements. Accordingly, this amendment is not likely to have an impact on Company's financial statements.

Notes to the Financial Statements

for the year ended December 31, 2015

-Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

-Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

-IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

-IFRS 7 'Financial Instruments - Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

-IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

-IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on company's financial statements.

		2015	2014
		(Rupees '000)	
4.	**SHARE CAPITAL**		
4.1	**ISSUED, SUBSCRIBED AND PAID - UP CAPITAL**		
	934,110,000 Ordinary shares of Rs. 10 each issued for cash	9,341,100	9,341,100

4.2 Fauji Fertilizer Company Limited and Fauji Foundation held 465,891,896 and 170,842,386 (2014: 465,891,896 and 170,842,386) ordinary shares respectively of the Company at the year end.

		2015	2014
4.3	**AUTHORIZED SHARE CAPITAL**		
	1,100,000,000 Ordinary shares of Rs. 10 each	11,000,000	11,000,000

5. CAPITAL RESERVE

Rs. 228,350 thousand represents share premium of Rs. 5 per share received on public issue of 45,670 thousand ordinary shares in 1996.

	Note	2015	2014
		(Rupees '000)	
6. LONG TERM LOANS			
Loans from banking companies - secured	6.1	10,000,000	10,000,000
		10,000,000	10,000,000
6.1 LOANS FROM BANKING COMPANIES - SECURED			
MCB Bank Limited		3,000,000	3,000,000
Allied Bank Limited		3,500,000	3,500,000
Bank Alfalah Limited		1,000,000	1,000,000
Bank Alhabib Limited		1,000,000	1,000,000
Meezan Bank Limited	6.1.1	1,500,000	1,500,000
		10,000,000	10,000,000
Less: Current portion shown under current liabilities		625,000	-
		9,375,000	10,000,000

Terms and Conditions of these loans are as follows

Lenders	Mark-up Rate %	No. of Installments	Commencement of Repayment	Date of Final Repayment
MCB Bank Limited	3 Month KIBOR + 0.50	12 quarterly	December 2016	September 2019
Allied Bank Limited	3 Month KIBOR + 0.50	12 quarterly	December 2016	September 2019
Bank Alfalah Limited	6 Month KIBOR + 0.50	6 half yearly	March 2017	September 2019
Bank Alhabib Limited	3 Month KIBOR + 0.50	12 quarterly	December 2016	August 2019
Meezan Bank Limited	6 Month KIBOR + 0.15	1 at maturity	May 2017	May 2017

These are secured against ranking charge over current and fixed assets of the Company and carry mark up ranging between 6.68% to 7.10% per annum (2014: 10.34% to 10.68% per annum).

6.1.1 During the year company repaid this facility and obtained fresh amount which is to be settled in May, 2017.

		Note	2015	2014
			(Rupees '000)	
7.	**DEFERRED GOVERNMENT ASSISTANCE**			
	Government of Pakistan (GoP) loan	7.1	1,298,539	1,925,179
	Less: Current portion shown under current liabilities		1,296,401	1,944,600
			2,138	(19,421)
	Deferred Government assistance		(2,138)	19,421
			-	-

7.1 This represents balance amount of GoP loan amounting in total of Rs. 9,723,015 thousand which is repayable in equal installments in 15 years with 1 year grace at zero percent effective November 30, 2001. As per restructuring agreement, 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 recognized as deferred Government assistance. Deferred Government assistance is being amortized to fully offset the financial charge on the loan at an imputed rate of 7%. The amount amortized and offset against financial charges during the year amounted to Rs. 21,559 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. In this regard the Company appointed M/s A. F. Ferguson & Co, Chartered Accountants, as third party auditor selected by Ministry of Finance (MoF) as per the provisions of GoP letter dated May 10, 2002 for the examination of the Company's financial record relating to the Company's determination of the amount of excess cash and prepayment to GoP. The draft report of consultant is under consideration and has been submitted to MoF for review and concurrence. Notwithstanding, a provisional amount of Rs. 1,360,481 thousand has been transferred to current portion as prepayment of GoP loan on the basis of excess cash determination mechanism as per GoP letter. The Company is in the process of finalizing the determination with GoP.

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, three ECAs have released the guarantee of HBL and have returned the original documents.

Since one ECA has yet to release HBL from its responsibility as guarantor therefore, charge related to portion of the said guarantee on assets of the Company has not been vacated up to December 31, 2015. The Company is making efforts in getting this guarantee released.

Notes to the Financial Statements

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees '000)	
8. DEFERRED LIABILITIES			
Compensated leave absences	8.1	439,942	393,853
Deferred tax	8.2	2,294,466	2,882,952
		2,734,408	3,276,805

8.1 Compensated leave absences

The movement in the present value of compensated absences is as follows:

	2015	2014
Opening liability	393,853	358,052
Expense for the year	78,406	76,498
Benefits paid during the year	(32,317)	(40,697)
Closing liability	439,942	393,853

The main assumptions used for actuarial valuation are as follows:

	2015	2014
Discount rate - per annum	10.00%	13.50%
Expected rate of increase in salaries - per annum	10.00%	13.50%
Leave accumulation factor - days	10	10
Mortality table	SLIC-2001-2005	SLIC-2001-2005
Withdrawal factor	Low	Low

	Note	2015	2014
		(Rupees '000)	
8.2 The balance of deferred tax is in respect of the following major taxable temporary differences:			
Accelerated depreciation		2,344,293	2,940,894
Provision for inventory obsolescence		(49,827)	(57,942)
	8.2.1	2,294,466	2,882,952
8.2.1 The movement of deferred tax during the current year is as follows:			
Opening balance		2,882,952	3,099,619
Reversal for the year		(588,486)	(216,667)
Closing balance		2,294,466	2,882,952

		Note	2015 (Rupees '000)	2014 (Rupees '000)
9.	**TRADE AND OTHER PAYABLES**			
	Creditors		8,686,667	8,383,469
	Accrued liabilities		2,028,219	1,907,306
	Advances from customers		383,337	1,698,215
	Workers' (Profit) Participation Fund - unsecured	9.1	(10,971)	29,743
	Payable to gratuity fund - unsecured	9.2	284,566	198,228
	Workers' Welfare Fund		1,053,074	1,066,331
	Unclaimed dividend		129,192	287,278
	Other payables		274,294	289,513
			12,828,378	13,860,083
9.1	**Workers' (Profit) Participation Fund**			
	Balance at beginning of the year		29,743	58,802
	Interest on funds utilized in the Company's business		154	345
	Provision for the year	28	289,029	310,403
			318,926	369,550
	Payment made during the year		(329,897)	(339,807)
			(10,971)	29,743

9.2 Gratuity Fund

The Company operates a defined benefit plan comprising a funded gratuity scheme for its permanent employees. The fund for gratuity is administered by trustees.

		2015 (Rupees '000)	2014 (Rupees '000)
9.2.1	**The amount recognized in the balance sheet is as follows:**		
	Present value of defined benefit obligation	666,607	574,512
	Fair value of plan assets	(382,041)	(376,284)
	Deficit	284,566	198,228
9.2.2	**The movement in the present value of defined benefit obligation is as follows:**		
	Defined benefit obligation at beginning of the year	574,512	466,617
	Current service cost	70,422	57,168
	Interest cost	65,317	57,277
	Benefits paid during the year	(60,415)	(52,048)
	Actuarial loss on obligation	16,771	45,498
	Present value of defined benefit obligation at end of the year	666,607	574,512
9.2.3	**The movement in fair value of plan assets is as follows:**		
	Fair value of plan assets at beginning of the year	376,284	292,964
	Expected return on plan assets	44,798	41,191
	Contributions	54,481	99,834
	Benefits paid during the year	(60,415)	(52,048)
	Actuarial loss on plan assets	(33,107)	(5,657)
	Fair value of plan assets at end of the year	382,041	376,284

		2015	2014
		(Rupees '000)	
9.2.4	**Plan assets comprise of:**		
	Investment in listed securities	79,861	73,669
	Investment in mutual funds	76,114	64,831
	Investment in term finance certificates	171,585	-
	Cash and bank balances	54,481	237,784
		382,041	376,284
9.2.5	Actual return on plan assets	11,691	35,534
	Contributions expected to be paid to the plan during the next financial year	99,738	86,960

9.2.6 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.

		2015	2014
		(Rupees '000)	
9.2.7	**Movement in liability recognized in the balance sheet:**		
	Opening liability	198,228	173,653
	Expense for the year	84,029	68,648
	Other comprehensive income	49,878	51,155
	Contributions	(47,569)	(95,228)
	Closing liability	284,566	198,228
9.2.8	**Amount recognized in the profit and loss account is as follows:**		
	Current service cost	65,070	52,562
	Net interest	18,959	16,086
		84,029	68,648
9.2.9	**The expense is recognized in the following line items in the profit and loss account:**		
	Cost of sales	61,636	50,242
	Administrative expenses	22,393	18,406
		84,029	68,648

9.2.10 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:

		Restated			
	2015	2014	2013	2012	2011
			(Rupees '000)		
Present value of defined benefit obligation	666,607	574,512	466,617	373,646	287,097
Fair value of plan assets	(382,041)	(376,284)	(292,964)	(249,770)	(196,583)
Deficit	284,566	198,228	173,653	123,876	90,514
Experience adjustments					
- Remeasurement gain / (loss) on obligation	16,771	(45,498)	(42,473)	(24,193)	-
- Remeasurement (loss) / gain on plan asset	(33,107)	(5,657)	3,198	11,490	-

9.2.11 Principal actuarial assumptions used in the actuarial valuation carried out as at December 31, 2015 are as follows:

	2015	2014
Discount rate	11.00%	12.00%
Expected rate of salary growth	11.00%	12.00%
Expected rate of return on plan assets	11.00%	12.00%
Mortality rate	SLIC-2001-2005	SLIC-2001-2005
Withdrawal factor	Low	Low

9.2.12 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumption set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by one percent.

	Defined benefit obligation	
	1 percent increase	1 percent decrease
Effect in millions of Rupees		
Discount rate	(66.66)	78.24
Salary increase rate	80.56	(69.83)

As the actuarial estimates of mortality continue to be refined, an increase of one year in the lives shown above is considered reasonably possible in the next financial year. The effect of this change would be an increase in the defined benefit obligation by Rs. Nil.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last actuarial valuation at December 31, 2015 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned.

		Note	2015	2014
			(Rupees '000)	
10.	**MARK - UP ACCRUED**			
	Short term borrowings - demand finance		136,634	42,862
	Short term borrowings - running finance		65,789	147,168
	Long term loans		77,170	43,111
			279,593	233,141
11.	**SHORT TERM BORROWINGS**			
	From banking companies and financial institutions			
	Demand Finance		13,700,000	1,750,000
	Running Finance		4,287,560	1,337,407
		11.1	17,987,560	3,087,407

Notes to the Financial Statements

for the year ended December 31, 2015

11.1 The Company has arranged short term facilities from various banks on mark-up basis with limits aggregating Rs. 20,320,000 thousand (2014: Rs. 13,630,000 thousand). These facilities carry mark-up ranging from 6.49% to 7.26% per annum (2014: 9.90% to 10.59% per annum) and are secured by hypothecation of charge on current and fixed assets of the Company. The purchase prices are repayable on various dates by the Company.

		2015	2014
		(Rupees '000)	
12.	**CONTINGENCIES AND COMMITMENTS**		
	Contingencies		
i)	Guarantees issued by banks on behalf of the Company.	55,612	60,692
	Commitments		
i)	Capital expenditures - contracted.	830,063	909,849
ii)	Letters of credit for purchase of raw materials and stores and spares.	859,046	1,079,418

13. PROPERTY, PLANT AND EQUIPMENT

	PROPERTY, PLANT AND EQUIPMENT											
	Leasehold land	Freehold land	Buildings on lease hold land	Plant and machinery	Furniture and fittings	Vehicles	Office and other equipment	Computer and ancillary equipment	Library books	Catalyst	Capital work in progress (note 13.1)	Total
	(Rupees '000)											
COST												
Balance as at January 01, 2014	254,754	120,000	2,087,344	23,703,368	23,969	293,695	87,216	170,002	2,086	350,588	565,329	27,658,351
Additions during the year	-	-	38,124	-	5,542	129,985	11,265	5,963	49	2,490	337,577	530,995
Disposals	-	-	-	-	-	(48,753)	-	(241)	-	-	-	(48,994)
Transfers	-	-	-	101,641	-	-	-	-	-	-	(101,641)	-
Balance as at December 31, 2014	254,754	120,000	2,125,468	23,805,009	29,511	374,927	98,481	175,724	2,135	353,078	801,265	28,140,352
Balance as at January 01, 2015	254,754	120,000	2,125,468	23,805,009	29,511	374,927	98,481	175,724	2,135	353,078	801,265	28,140,352
Additions during the year	-	-	9,500	-	5,135	100,612	16,825	14,725	-	55,788	1,127,959	1,330,544
Disposals	-	-	-	-	-	(46,129)	-	(3,327)	-	-	-	(49,456)
Transfers	-	-	-	629,713	-	-	-	-	-	-	(629,713)	-
Balance as at December 31, 2015	254,754	120,000	2,134,968	24,434,722	34,646	429,410	115,306	187,122	2,135	408,866	1,299,511	29,421,440
DEPRECIATION												
Balance as at January 01, 2014	88,773	-	645,430	13,278,409	5,044	185,471	42,871	150,543	2,040	200,261	-	14,598,842
Charge for the year	7,488	-	62,894	1,181,531	2,468	54,500	12,533	11,319	40	49,028	-	1,381,801
Disposals	-	-	-	-	-	(42,883)	-	(81)	-	-	-	(42,964)
Balance as at December 31, 2014	96,261	-	708,324	14,459,940	7,512	197,088	55,404	161,781	2,080	249,289	-	15,937,679
Balance as at January 01, 2015	96,261	-	708,324	14,459,940	7,512	197,088	55,404	161,781	2,080	249,289	-	15,937,679
Charge for the year	7,488	-	63,835	1,190,862	3,018	70,759	13,829	10,754	23	37,655	-	1,398,223
Disposals	-	-	-	-	-	(37,336)	-	(3,229)	-	-	-	(40,565)
Balance as at December 31, 2015	103,749	-	772,159	15,650,802	10,530	230,511	69,233	169,306	2,103	286,944	-	17,295,337
Written down value - 2014	158,493	120,000	1,417,144	9,345,069	21,999	177,839	43,077	13,943	55	103,789	801,265	12,202,673
Written down value - 2015	151,005	120,000	1,362,809	8,783,920	24,116	198,899	46,073	17,816	32	121,922	1,299,511	12,126,103
Rate of depreciation	2 to 4%	-	3%	5%	10%	20 to 33%	15%	33 to 50%	30%	17 to 50%	-	-

		Note	2015	2014
			(Rupees '000)	
13.1	**Capital work in progress**			
	This is made up as follows:			
	Plant and machinery including advances to suppliers		291,685	238,157
	Civil works		1,007,826	563,106
			1,299,511	801,263
13.2	**Depreciation and amortization charge has been allocated as follows:**			
	Cost of sales	24	1,336,546	1,338,780
	Administrative expenses	26	61,677	43,021
			1,398,223	1,381,801

		Cost	Book value	Sale proceeds
			(Rupees '000)	
13.3	**Details of property, plant and equipment sold:**			
	Vehicles			
	As per Company policy to employees			
	Maj Muhammad Safdar (Retd)	1,455	461	142
	Brig Shaukat Yaqub Malik (Retd)	2,068	758	202
	Brig Tasadduq Hussain Zahid (Retd)	2,068	758	202
	Col Muhammad Shafique (Retd)	1,606	508	157
	Maj Babar Rashid (Retd)	1,356	249	133
	Brig Imtiaz Ahmed (Retd)	2,377	594	381
	Mr. Farhan Mahboob	1,683	1,514	1,406
	Insurance claim	5,488	3,950	4,885
	Aggregate of items of property, plant and equipment with individual book value below Rs. 50,000	31,355	98	6,744
	2015	49,456	8,890	14,252
	2014	48,994	6,030	18,796

		Note	2015	2014
			(Rupees '000)	
14.	**LONG TERM INVESTMENTS**			
	Joint venture-at cost	14.1	1,411,150	1,411,150
	Associated companies-at cost	14.2	8,471,413	7,878,338
	Subsidiary companies-at cost	14.3	8,012,058	2,841,300
	Other long term investments	14.4	-	-
			17,894,621	12,130,788

14.1 Cost of this investment is Moroccan Dirhams 200,000 thousand made from 2004 to 2006 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 restrictions are laid on dividends by Pakistan Maroc Phosphor S.A., the Company's equity will be converted to interest bearing loan. The Company has also committed not to pledge shares of PMP without prior consent of PMP's lenders.

14.2 Associated companies - at cost

2015	2014		Note	2015	2014
Number of Shares				(Rupees '000)	
		Quoted			
18,750,000	18,750,000	Fauji Cement Company Limited (FCCL)	14.2.1	300,000	300,000
271,884,009	271,884,009	Askari Bank Limited (AKBL)	14.2.2	5,230,991	5,230,991
		Noon Pakistan Limited (NPL)	14.2.3		
7,497,765	-	- voting shares		242,928	-
4,498,659	-	- non voting shares		236,929	-
11,996,424	-			479,857	-
		Unquoted			
		Foundation Wind Energy I Limited (FWE - I)	14.2.4		
74,037,388	74,037,388	- Shares		740,374	740,374
		- Share deposit money		485,499	417,156
				1,225,873	1,157,530
		Foundation Wind Energy II (Private) Limited (FWE - II)	14.2.5		
6,879,352	6,518,103	- Shares		687,935	651,810
		- Share deposit money		546,757	538,007
				1,234,692	1,189,817
383,547,173	371,189,500			8,471,413	7,878,338

14.2.1 The Company holds 1.36% equity interest in Fauji Cement Company Limited (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. Market value of investment in FCCL as at December 31, 2015 was Rs. 690,375 thousand (2014: Rs. 484,500 thousand). The Company is committed not to dispose off its investment in FCCL so long as the loan extended to FCCL by Faysal Bank Limited (formerly Royal Bank of Scotland), remains outstanding or without prior consent of FCCL.

14.2.2 This represents 21.57% share in the equity of Askari Bank Limited (AKBL) representing 271,884 thousand ordinary shares of Rs. 10 each acquired at an average price of Rs. 19.24 per share. Market value of investment in AKBL as at December 31, 2015 was Rs. 5,910,758 thousand (2014: Rs. 6,272,364 thousand).

14.2.3 The Company jointly with Fauji Foundation has acquired 51% shareholding of Noon Pakistan Limited (NPL), a listed company engaged in manufacture and sale of toned milk, milk powder, fruit juices, allied dairy and food products with shares listed at Pakistan Stock Exchange Limited. As per agreement signed on May 18, 2015, the Company and Fauji Foundation has acquired voting shares of 38.25% (4.5 million) and 12.75% (1.5 million) respectively which is effective from September 04, 2015. In addition the Company along with Fauji Foundation has also acquired non voting shares of 38.25% (7.5 million) and 12.75% (2.5 million) respectively. The Company and Fauji Foundation has also given its commitment to subscribe the right issue announced by NPL, subject to the approval by shareholders. Market value of investment in NPL for voting and non voting shares as at December 31, 2015 was Rs. 1,090 million (2014: Nil) and Rs. 1,334 million (2014: Nil) respectively.

14.2.4 This represents investment made in Foundation Wind Energy - I Limited (FWE - I), a company established for setting up 49.5 MW wind power plant. Pursuant to Share Holders Agreement dated March 08, 2011 the Company holds 35% shareholding. Break up value of shares based on unaudited financial information for period ended September 30, 2015 is Rs. 9.47 per share (2014: Rs. 8.47 per share). FWE-I has achieved Commercial Operation Date in April 2015.

14.2.5 This represents investment made in Foundation Wind Energy - II (Private) Limited (FWE - II), a company established for setting up 49.5 MW wind power plant. Pursuant to Share Holders Agreement dated March 08, 2011 the Company holds 35% shareholding. Break up value of shares based on unaudited financial information for period ended September 30, 2015 is Rs. 93.28 per share (2014: Rs. 87.97 per share). FWE - II (Pvt.) Ltd. has achieved Commercial Operation Date in December 2014.

14.3 Subsidiary companies - at cost

2015	2014			2015	2014
Number of Shares			Note	(Rupees '000)	
		Unquoted			
		Fauji Meat Limited (FML)			
225,000,000	100,000	- Shares		2,250,000	1,000
		- Share deposit money		-	1,199,000
			14.3.1	2,250,000	1,200,000
		Fauji Foods Limited (FFL)			
28,519,700	100,000	- Shares		285,197	1,000
		- Share deposit money		11,236	284,197
			14.3.2	296,433	285,197
		FFBL Power Company Limited (FPCL)			
516,750,000	100,000	- Shares		5,167,500	1,000
		- Share deposit money		298,125	1,355,103
			14.3.3	5,465,625	1,356,103
770,269,700	300,000			8,012,058	2,841,300

14.3.1 This represents the Company's investment as at December 31, 2015 - 75% (2014: 100%) in equity shares of Fauji Meat Limited (FML) while Fauji Foundation (FF) holds 25% shareholding in FML as at December 31, 2015 (2014: Nil). The Company acquired 225,000,000 ordinary shares of Rs. 10 each in FML for a total consideration of Rs. 2,250 million. 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. FML is expected to commence its commercial operations by the 1st quarter of 2016.

14.3.2 This represents the Company's investment in 100% equity shares of Fauji Foods Limited (FFL). The Company acquired 28,519,700 ordinary shares of Rs. 10 each in FFL for a total consideration of Rs. 285,197 thousand. Further the Company has also paid advance / incurred expenses of Rs. 11,236 thousand as advance against issue of shares upto December 31, 2015 (2014: 284,197 thousand). The principal objectives of FFL are to produce multi brand dairy products.

14.3.3 This represents the Company's investment as at December 31, 2015 - 75% (2014: 100%) in equity shares of FFBL Power Company Limited (FPCL) while Fauji Foundation (FF) holds 25% shareholding as at December 31, 2015 (2014: Nil). The Company acquired 516,750 thousand ordinary shares of Rs. 10 each in FPCL for a total consideration of Rs. 5,167.50 million. Further the Company has also paid advance / incurred expenses of Rs. 298.125 million as advance against issue of shares upto December 31, 2015 (2014: 1,355,103 thousand). The principal objective of FPCL is to set up a 118MW power project. The company is expected to commence commercial production by the first quarter of 2017.

14.4 The Company holds 300,000 ordinary shares of Rs. 10 each representing equity interest of 3.87% in Arabian Sea Country Club Limited. Break up value based on audited accounts for the year ended June 30, 2015 was negative Rs. 2.49 per ordinary share (June 30, 2014: Rs. 0.70 per ordinary share). This investment is fully impaired.

Notes to the Financial Statements

for the year ended December 31, 2015

		Note	2015	2014
			(Rupees '000)	
15.	**STORES AND SPARES**			
	Stores		412,624	383,491
	Spares		2,225,254	2,119,264
	Provision for obsolescence		(164,391)	(165,550)
			2,473,487	2,337,205
16.	**STOCK IN TRADE**			
	Packing materials		65,708	56,089
	Raw materials		1,779,981	804,109
	Raw materials in transit		945,114	315,805
	Work in process		108,069	103,341
	Finished goods		1,650,560	277,952
			4,549,432	1,557,296
17.	**TRADE DEBTS**			
	Secured - considered good		1,024,702	1,466,063
			1,024,702	1,466,063
18.	**ADVANCES**			
	Advances to:			
	- Executives, unsecured considered good		823	1,572
	- Other employees, unsecured considered good		96,133	75,800
	Advances to suppliers and contractors			
	- Considered good		700,390	803,315
			797,346	880,687
19.	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		15,105	7,177
	Prepayments		25,504	20,920
			40,609	28,097
20.	**OTHER RECEIVABLES**			
	Due from Fauji Fertilizer Company Limited			
	- unsecured, considered good	20.1	536,643	173,420
	Subsidy on DAP receivable from Government of Pakistan	29.1	4,280,159	-
	Other receivables			
	- Considered good		54,270	340,806
			4,871,072	514,226

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

Say No To Corruption

Notes to the Financial Statements

for the year ended December 31, 2015

		Note	2015	2014
			(Rupees '000)	
21.	**SHORT TERM INVESTMENTS**			
	Loans and receivables			
	Term deposits with banks and financial institutions	21.1	4,607,748	1,430,000
	Investments at fair value through profit or loss - held for trading			
	Money market funds		-	7,800,117
			4,607,748	9,230,117

21.1 These deposit accounts carry interest rate of 5.25% to 7.50% (2014: 7.80% to 9.50%) per annum.

		Note	2015	2014
			(Rupees '000)	
22.	**CASH AND BANK BALANCES**			
	Deposit accounts - in local currency	22.1	8,769,312	4,670,388
	- in foreign currency		2,036	1,956
		22.2	8,771,348	4,672,344
	Current accounts		168,021	371,501
	Cash in hand		919	824
			8,940,288	5,044,669

22.1 This includes Rs. 1,525,671 thousand (2014: Rs. 143,770 thousand) held under lien by the commercial banks against various facilities. This includes Rs. 1,020,833 thousand (2014: Nil) held under lien for providing guarantee on behalf of Foundation Wind Energy - I Limited and Foundation Wind Energy - II (Private) Limited.

22.2 These deposit accounts carry interest rate of 4.5% to 7.5% (2014: 6.5% to 10.2%) per annum.

		Note	2015	2014
			(Rupees '000)	
23.	**SALES - NET**			
	Gross sales		62,363,027	58,293,148
	Less:			
	Sales tax		9,868,462	8,829,450
	Trade discount		291,732	-
	Commission to Fauji Fertilizer Company Limited	23.1	20,761	18,442
			10,180,955	8,847,892
			52,182,072	49,445,256

23.1 Commission is paid @ Re. 1 per bag sold by Fauji Fertilizer Company Limited, based on an inter company services agreement.

		Note	2015	2014
			(Rupees '000)	
24.	**COST OF SALES**			
	Raw materials consumed		37,407,350	29,984,717
	Packing materials consumed		571,421	587,871
	Fuel and power		3,522,663	2,860,257
	Chemicals and supplies consumed		206,017	226,404
	Salaries, wages and benefits	24.1	1,811,085	1,727,094
	Rent, rates and taxes		24,906	75,995
	Insurance		99,267	99,719
	Travel and conveyance		153,259	167,668
	Repairs and maintenance		1,021,982	926,362
	Communication, establishment and other expenses		190,704	165,197
	Depreciation	13.2	1,336,546	1,338,780
	Opening stock - work in process		103,341	26,936
	Closing stock - work in process		(108,069)	(103,341)
	Cost of goods manufactured		46,340,472	38,083,659
	Opening stock - finished goods		277,952	547,596
	Closing stock - finished goods		(1,650,560)	(277,952)
	Cost of sales		44,967,864	38,353,303

24.1 This includes charge on account of employees' retirement benefits in respect of gratuity, provident fund and compensated absences amounting to Rs. 61,636 thousand, Rs. 40,524 thousand and Rs. 57,441 thousand respectively. (2014: Rs. 50,242 thousand, Rs. 37,089 thousand and Rs. 52,194 thousand respectively).

		Note	2015	2014
			(Rupees '000)	
25.	**SELLING AND DISTRIBUTION EXPENSES**			
	Product transportation		2,839,172	2,398,100
	Expenses charged by Fauji Fertilizer Company Limited	25.1		
	Salaries, wages and benefits		655,066	625,900
	Rent, rates and taxes		51,907	54,447
	Technical services		5,601	5,658
	Travel and conveyance		70,243	82,451
	Sales promotion and advertising		32,289	38,160
	Insurance		9,122	-
	Communication, establishment and other expenses		66,240	70,255
	Warehousing expenses		73,174	23,086
	Depreciation		16,719	16,017
			980,361	915,974
			3,819,533	3,314,074

25.1 This represents common expenses charged by Fauji Fertilizer Company Limited on account of marketing of the Company's products based on an inter company services agreement.

Say No To Corruption

Notes to the Financial Statements

for the year ended December 31, 2015

		Note	2015	2014
			(Rupees '000)	
26.	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	26.1	899,297	867,855
	Travel and conveyance		173,671	153,730
	Utilities		11,824	9,951
	Printing and stationery		14,728	10,794
	Repairs and maintenance		27,093	17,271
	Communication, establishment and other expenses		51,664	32,400
	Rent, rates and taxes		47,854	19,404
	Listing fee		2,278	1,381
	Donations	26.2	8,296	70,109
	Legal and professional		66,390	40,912
	Depreciation	13.2	61,677	43,021
	Miscellaneous		62,215	50,807
			1,426,987	1,317,635

26.1 This includes charge on account of employees' retirement benefits in respect of gratuity, provident fund and compensated absences amounting to Rs. 22,393 thousand, Rs. 18,618 thousand and Rs. 20,965 thousand respectively (2014: Rs. 18,406 thousand, Rs. 17,212 thousand and Rs. 24,304 thousand respectively).

26.2 During the year, the Company has not paid donation to any organization in which any director or his spouse has interest.

		Note	2015	2014
			(Rupees '000)	
27.	**FINANCE COST**			
	Mark-up on short term borrowings		786,206	933,193
	Mark-up on long term finance		828,668	330,984
	Interest on Workers' (Profit) Participation Fund		154	345
	Bank charges		32,810	32,241
	Exchange loss		219,936	16,181
			1,867,774	1,312,944
28.	**OTHER OPERATING EXPENSES**			
	Workers' (Profit) Participation Fund	9.1	289,029	310,403
	Workers' Welfare Fund		107,678	117,414
	Auditor's remuneration			
	Fees - annual audit		1,400	1,000
	Fees - half yearly review		250	100
	Other certification and services		560	718
	Out of pocket expenses		215	185
			2,425	2,003
			399,132	429,820

		Note	2015	2014
			(Rupees '000)	
29.	**OTHER INCOME**			
	Income from financial assets			
	Profit on bank balances and term deposits		239,838	244,559
	Dividend on investment in money market funds		-	171,102
	Gain on sale of investments		337,422	268,977
			577,260	684,638
	Income from assets other than financial assets			
	Scrap sales and miscellaneous receipts		229,676	65,361
	Subsidy on DAP	29.1	4,280,159	-
	Dividend from associates		590,643	300,009
	Gain on sale of property, plant and equipment		5,362	12,766
			5,105,840	378,136
			5,683,100	1,062,774

29.1 This represents subsidy @ 500 per 50 kg bag, on sale of Di-Ammonium Phosphate (DAP) fertilizer pursuant to notification No. F.1-11/2012/DFSC-11/Fertilizer dated October 15, 2015 issued by Ministry of National Food Security and Research, Government of Pakistan.

		2015	2014
		(Rupees '000)	
30.	**TAXATION**		
	Current	1,910,781	1,980,595
	Deferred	(588,486)	(216,667)
		1,322,295	1,763,928

		2015		2014	
		(Rupees '000)	%	(Rupees '000)	%
30.1	**Reconciliation of tax charge for the year:**				
	Profit before tax	5,383,882	-	5,780,254	-
	Tax on profit	1,722,842	32.00	1,907,484	33.00
	Tax effect of lower rate on certain income / expenses	(179,803)	(3.34)	(142,248)	(2.46)
	Tax effect of exempt income / permanent differences	(15,781)	(0.29)	(1,308)	(0.02)
	Tax effect of liabilities written back	(56,885)	(1.06)	-	-
	Super tax and revision in tax liability	200,141	3.72	-	-
	Tax effect of revision in rate of deferred tax	(355,033)	(6.59)	-	-
	Others	6,814	0.13	-	-
		1,322,295	24.57	1,763,928	30.52

Say No To Corruption

	2015	2014
	(Rupees '000)	
31. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the year (Rupees '000)	4,061,587	4,016,326
Weighted average number of ordinary shares in issue during the year (thousands)	934,110	934,110
Earnings per share - basic and diluted (Rupees)	4.35	4.30

There is no dilutive effect on the basic earnings per share of the Company for the year 2015.

	Note	2015	2014
		(Rupees '000)	
32. CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES			
Profit before taxation		5,383,882	5,780,254
Adjustments for:			
Provision for gratuity		84,029	68,648
Exchange loss		219,936	16,181
Provision for compensated absences		78,406	76,498
Provision for Workers' (Profit) Participation Fund	9.1	289,029	310,403
Provision for Workers' Welfare Fund		107,678	117,414
Depreciation	13.2	1,398,223	1,381,801
Finance cost		1,647,838	1,296,763
Gain on investments including dividend received		(928,065)	(740,088)
Profit on bank balances and term deposits		(239,838)	(244,559)
Gain on sale of property, plant and equipment		(5,362)	(12,766)
		8,035,756	8,050,549
Changes in:			
Stores and spares		(136,282)	(229,712)
Stock in trade		(2,992,136)	(428,039)
Trade debts		441,361	137,580
Advances		83,341	(307,721)
Trade deposits and short term prepayments		(12,512)	1,780
Other receivables		(4,356,846)	191,287
Sales tax refundable		(367,469)	(570,043)
Trade and other payables		(1,125,919)	5,365,895
		(8,466,462)	4,161,027
		(430,706)	12,211,576

33. 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:

	2015		2014	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees '000)			
Managerial remuneration	11,598	179,796	12,525	126,291
Bonus	2,800	83,529	2,065	86,771
Contributory provident fund	547	7,555	560	5,514
Others	5,107	45,480	7,129	39,756
	20,052	316,360	22,279	258,332
No. of person (s)	1	29	1	24

The above are provided medical facilities. Chief Executive and certain executives are also provided with the Company's maintained vehicles and household equipment and other benefits in accordance with the Company's policy. Gratuity is payable to the Chief Executive in accordance with the terms of employment while contribution for executives in respect of gratuity is on the basis of actuarial valuation. Leave encashment was paid to executives amounting to Rs.10,321 thousand (2014 : Rs. 3,725 thousand) on separation in accordance with the Company's policy.

In addition, the other directors of the Company are paid meeting fee aggregating Rs. 11,250 thousand (2014: Rs. 8,325 thousand). No remuneration was paid to directors of the Company (2014: Nil). The number of directors of the Company was 12 (2014 : 12).

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has exposure 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 analyze 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.

34.1 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:

	2015	2014
	(Rupees '000)	
Trade debts	1,024,702	1,466,063
Deposits	93,748	85,820
Advances	797,346	880,687
Interest accrued	51,781	17,633
Other receivables	4,871,072	514,225
Short term investments	4,607,748	9,230,117
Bank balances	8,939,369	5,043,845
	20,385,766	17,238,390

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 Fauji Fertilizer Company Limited which amounts to Rs. 536,643 thousand (2014: Rs. 173,420 thousand) and which is included in total carrying amount of other receivables as at reporting date. At the balance sheet date this receivable is not overdue or impaired.

Trade debts are secured against letters 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 placing funds with banks that have high credit rating. Management actively monitors credit ratings and given that the Company only has placed funds in the banks with high credit ratings, management does not expect any counter party to fail to meet its obligations.

34.2 Credit quality of financial assets

The credit quality of the company's financial assets has been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA), Moody's and JCR - VIS Credit Rating Company Limited (JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

	Rating	2015	2014
		(Rupees '000)	
Trade Debts			
Counterparties without external credit ratings			
- Existing customers with no default in the past		1,024,702	1,466,063
Deposits			
Counterparties without external credit ratings			
- Others		93,748	85,820
Advances			
Counterparties without external credit ratings			
- Others		797,346	880,687
Interest accrued			
Counterparties without external credit ratings			
- Others		51,781	17,633
Other receivables			
Counterparties without external credit ratings			
- Receivable from related parties		590,913	514,226
- Receivable from Government of Pakistan		4,280,159	-
Short term investments			
Counterparties with external credit ratings	AAA	300,000	1,271,544
	AA+	500,000	1,444,100
	AA	2,600,000	2,520,835
	AA-	-	1,248,095
	A+	1,107,748	2,183,079
	A	-	163,149
	A-	100,000	399,315
		4,607,748	9,230,117
Bank balances			
Counterparties with external credit ratings	AAA	3,368,438	806,955
	AA+	2,297,484	946,390
	AA	1,194,615	983,572
	AA-	1,294,578	352,882
	A+	470,153	500,670
	A	100,187	903,249
	A-	213,906	550,080
	A3	8	47
		8,939,369	5,043,845

Impairment losses

As at the reporting date trade receivables of Rs. Nil (2014: Rs Nil) were over-due. 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 (2014 : Rs. 3,000 thousand) in respect of its investment in available-for-sale investments.

34.3 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 assist it in monitoring cash flow requirements and optimizing 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 obligations; 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 11 to the financial statements.

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

2015	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)			
Long term loans including mark-up	10,077,170	10,077,170	67,287	625,000	4,968,215	4,416,668	-
Deferred Government assistance	1,296,401	1,296,401	1,296,401	-	-	-	-
Trade and other payables	12,435,158	12,435,158	12,435,158	-	-	-	-
Short term borrowings including mark-up	18,053,349	18,053,349	18,053,349	-	-	-	-
	41,862,078	41,862,078	31,852,195	625,000	4,968,215	4,416,668	-

2014	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)			
Long term loans including mark-up	10,147,168	10,147,168	-	-	1,547,592	8,599,576	-
Deferred Government assistance	1,944,600	1,944,600	1,944,600	-	-	-	-
Trade and other payables	12,102,169	12,102,169	12,102,169	-	-	-	-
Short term borrowings including mark-up	3,173,380	3,173,380	3,173,380	-	-	-	-
	27,367,317	27,367,317	17,220,149	-	1,547,592	8,599,576	-

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

34.3.1 The contractual cash flow relating to short term borrowings have been determined on the basis of expected mark-up rates. The mark-up rates have been disclosed in note 11.1 to these financial statements.

34.4 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 currency and interest rate risk only.

34.4.1 Currency risk

Exposure to Currency Risk

The Company is exposed to currency risk on certain liabilities and bank balances which are denominated in currencies other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2015		2014	
	(Rupees '000)	(US Dollar s '000)	(Rupees '000)	(US Dollar s '000)
Bank balances	2,036	19	1,955	19
Creditors	(5,844,460)	(55,821)	(5,672,230)	(56,384)
Net exposure	(5,842,424)	(55,802)	(5,670,275)	(56,365)

The following significant exchange rate applied during the year:

	Average rates		Balance sheet date rate (Bid-Offer average)	
	2015	2014	2015	2014
US Dollars	102.94	101.09	104.70	100.60

Sensitivity analysis

A 10% strengthening of the functional currency against USD at 31 December would have increased profit and loss by Rs. 584,242 thousand (2014 : Rs. 567,031 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.

34.4.2 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 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	
	2015	2014
	(Rupees '000)	
Fixed rate instruments		
Financial assets	4,607,748	1,430,000
Financial liabilities	13,700,000	1,750,000
Variable rate instruments		
Financial assets	8,771,348	4,672,344
Financial liabilities	14,287,560	11,337,407

Fair value sensitivity analysis for fixed rate instruments

The Company is not exposed to interest rate risk on its fixed rate instruments.

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 2014.

	Profit or loss	
	100 basis points increase	100 basis points decrease
	(Rupees '000)	
December 31, 2015		
Cash flow sensitivity-Variable rate instruments	116,206	116,206
December 31, 2014		
Cash flow sensitivity-Variable rate instruments	56,618	56,618

Market price risk

For investments at fair value through profit or loss, a 1 % increase / decrease in market price at reporting date would have increased / decreased profit for the year by Rs. Nil (2014: 78,001).

Notes to the Financial Statements

for the year ended December 31, 2015

34.5 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, 2015 Carrying amount	December 31, 2015 Fair value	December 31, 2014 Carrying amount	December 31, 2014 Fair value
		(Rupees '000)			
Assets carried at amortized cost					
Trade debts	17	1,024,702	1,024,702	1,466,063	1,466,063
Deposits		93,748	93,748	85,820	85,820
Advances		797,346	797,346	880,687	880,687
Interest accrued		51,781	51,781	17,633	17,633
Other receivables - net of provision	20	4,871,072	4,871,072	514,225	514,225
Short term investments - loans and receivables	21	4,607,748	4,607,748	1,430,000	1,430,000
Cash and bank balances	22	8,940,288	8,940,288	5,044,669	5,044,669
		20,386,685	20,386,685	9,439,097	9,439,097
Assets carried at fair value					
Short term investments - Investments at fair value through profit or loss	21	-	-	7,800,117	7,800,117
Liabilities carried at amortized cost					
Long term loans	6	10,077,170	10,077,170	10,147,168	10,147,168
Deferred Government assistance	7	1,296,401	1,296,401	1,944,600	1,944,600
Trade and other payables	9	12,435,158	12,435,158	12,102,169	12,102,169
Short term borrowings including mark-up	11	18,053,349	18,053,349	3,173,380	3,173,380
		41,862,078	41,862,078	27,367,317	27,367,317

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 10% (2014: 10%).

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 (Rupees '000)	Level 3
December 31, 2015			
Assets carried at fair value			
Short term investments - investment in mutual funds	-	-	-
December 31, 2014			
Assets carried at fair value			
Short term investments - investment in mutual funds	7,800,117	-	-

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

34.6 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 quoted associate is determined by reference to their quoted closing bid price at the reporting date. The fair value is determined for disclosure purposes.

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. The 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. The fair value is determined for disclosure purposes.

34.7 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.

35. RELATED PARTY TRANSACTIONS

Fauji Fertilizer Company Limited (FFCL) has 49.88 % share holding in FFBL (2014: 49.88%). While Fauji Foundation (FF) holds 18.29 % shares (2014: 18.29 %) in the Company. The Company has related parties which comprise of subsidiaries, a joint venture, entities under common directorship, directors, key management personnel and employees' funds. Transactions with related parties and the balances outstanding at the year end are given below. The carrying value of investment in associates and joint venture are disclosed in note 14 to the financial statements.

Notes to the Financial Statements

for the year ended December 31, 2015

	2015	2014
	(Rupees '000)	
Transactions with the subsidiary companies		
Expenses incurred on behalf of subsidiaries	-	301,390
Investment in Fauji Meat Limited (FML)	748,610	1,199,000
Investment in Fauji Foods Limited (FFL)	11,236	284,197
Investment in FFBL Power Company Limited (FPCL)	4,109,522	1,356,103
Transactions with associated undertakings due to common directorship		
Services and material acquired	994,639	925,567
Services and material provided	1,864	7,550
Collections	59,457,247	59,182,502
Commission charged to the Company	20,761	18,442
Dividend paid - net	1,910,203	2,546,937
Rent charged to the Company	1,446	1,339
Profit on Bank Balances (AKBL)	54,018	59,698
Balance receivable at the year end - unsecured	536,643	173,420
Investment in FWE-I & FWE-II	113,218	369,503
Investment in Askari Bank Limited	-	1
Balances at bank (AKBL)	2,781,914	466,979
Transactions with joint venture		
Purchase of raw materials	30,006,483	24,697,427
Expenses incurred on behalf of joint venture	16,886	20,008
Balance payable at the year end - secured	5,762,811	5,745,925
Balance receivable at the year end - unsecured	35,503	37,526
Other related parties		
Contribution to provident fund	59,142	54,301
Payment to gratuity fund	47,570	95,228
Payment to Workers' (Profit) Participation Fund & Workers' Welfare Fund	450,832	339,807
Payable to gratuity fund	284,566	198,228
Remuneration of key management personnel	20,052	22,279

In addition to above:

- Ranking charge amounting to US$ 91,456,667 and Rs. 4,000 million (2014: US$ 91,456,667 and Rs. 4,000 million) has been registered on assets of the Company in respect of project financing arranged by Foundation Wind Energy - I Limited (FWE - I).

- Ranking charge amounting to US$ 89,146,667 and Rs. 4,000 million (2014: US$ 89,146,667 and Rs. 4,000 million) has been registered on assets of the Company in respect of project financing arranged by Foundation Wind Energy - II (Pvt) Limited (FWE - II).

Notes to the Financial Statements

for the year ended December 31, 2015

	2015	2014
	(Rupees '000)	
36. EMPLOYEES PROVIDENT FUND TRUST		
Size of the fund	1,274,660	1,147,695
Cost of investments made	1,166,665	995,323
Fair value of investments	1,224,016	1,093,914
Percentage of investments made	96.03%	95.31%

36.1 Breakup of investments is as follows:

	2015		2014	
	(Rupees 000)	(%)	(Rupees 000)	(%)
Shares	309,773	26.55	218,787	21.98
Mutual funds	178,242	15.28	212,367	21.34
Bank deposits	678,650	58.17	564,169	56.68
	1,166,665	100.00	995,323	100.00

All the investments out of provident fund trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

37. GENERAL

	2015	2014
	(Tonnes)	
37.1 Production capacity		
Design capacity		
Urea	551,100	551,100
DAP	650,000	650,000
Actual production		
Urea	301,873	213,163
DAP	768,004	701,841

The shortfall in production of Urea was mainly due to non-availability of gas during the year.

37.2 Number of persons employed	(Numbers)	
Employees at year end	1,416	1,384
Average employees during the year	1,369	1,257

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

37.4 Corresponding figures have been re-arranged / restated, wherever necessary, for the purpose of comparison.

37.5 The Board of Directors in their meeting held on January 26, 2016 have proposed a final dividend of Rs. 3.05 per ordinary share.

37.6 These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on January 26, 2016.

CHAIRMAN　　　　CHIEF EXECUTIVE　　　　DIRECTOR

Consolidated Financial Statements
for the year ended December 31, 2015

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Fauji Fertilizer Bin Qasim Limited (the Holding Company) and its subsidiary companies, Fauji Meat Limited, Fauji Foods Limited and FFBL Power Company Limited as at 31 December 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Fauji Fertilizer Bin Qasim Limited. The financial statements of the subsidiary companies, Fauji Meat Limited, Fauji Foods Limited and FFBL Power Company Limited have been audited by other firms of chartered accountants whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in such companies, is based solely on the reports of such other auditors. These financial statements are responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing as applicable in Pakistan and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Fauji Fertilizer Bin Qasim Limited and its subsidiary companies, Fauji Meat Limited, Fauji Foods Limited and FFBL Power Company Limited as at 31 December 2015 and the results of their operations for the year then ended.

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner
Syed Bakhtiyar Kazmi
Islamabad
January 26, 2016

Say No To Corruption

Consolidated Balance Sheet

as at December 31, 2015

	Note	2015	2014
		(Rupees '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	4	9,341,100	9,341,100
Capital reserve	5	228,350	228,350
Revaluation reserve on available for sale investments		482,449	-
Statutory reserve		355,039	179,583
Translation reserve		711,110	904,466
Accumulated profit		5,757,067	3,599,852
		16,875,115	14,253,351
NON-CONTROLLING INTEREST	6	2,565,620	-
		19,440,735	14,253,351
NON-CURRENT LIABILITIES			
Long term loans	7	13,075,000	10,000,000
Deferred liabilities	9	3,005,138	3,317,192
		16,080,138	13,317,192
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	10	13,025,985	13,873,336
Mark - up accrued	11	433,269	233,142
Short term borrowings	12	25,336,060	3,087,408
Current portion of long term loans	7	625,000	-
Current portion of deferred Government assistance	8	1,296,401	1,944,600
Provision for income tax - net		-	769,102
		40,716,715	19,907,588
		76,237,588	47,478,131
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

	Note	2015	2014
		(Rupees '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	29,519,433	14,864,264
Long term investments	15	12,823,721	10,539,515
Long term deposits		78,643	78,643
		42,421,797	25,482,422
CURRENT ASSETS			
Stores and spares	16	2,473,577	2,350,145
Stock in trade	17	4,549,432	1,557,296
Trade debts	18	1,024,702	1,468,373
Advances	19	802,555	892,782
Trade deposits and short term prepayments	20	126,795	28,689
Interest accrued		51,781	17,633
Other receivables	21	4,871,604	212,835
Unamortized transaction cost	22	330,394	-
Income tax refundable - net		1,110,582	-
Sales tax refundable		1,439,978	763,591
Short term investments	23	4,607,748	9,230,117
Cash and bank balances	24	12,426,643	5,474,248
		33,815,791	21,995,709
		76,237,588	47,478,131

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

Say No To Corruption

Consolidated Profit and Loss Account

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees '000)	
Sales - net	25	52,182,072	49,445,256
Cost of sales	26	(44,967,864)	(38,353,303)
GROSS PROFIT		7,214,208	11,091,953
Selling and distribution expenses	27	(3,819,533)	(3,314,174)
Administrative expenses	28	(1,479,457)	(1,359,472)
		1,915,218	6,418,307
Finance cost	29	(1,871,755)	(1,312,956)
Other operating expenses	30	(400,128)	(452,236)
		(356,665)	4,653,115
Other income	31	5,128,817	793,846
Share of profit of joint venture and associates - net		1,926,046	745,291
PROFIT BEFORE TAXATION		6,698,198	6,192,252
Taxation	32	(1,519,574)	(1,795,474)
PROFIT FOR THE YEAR		5,178,624	4,396,778
Attributable to:			
-Owners of the holding Company		5,184,879	4,396,778
-Non-controlling interest		(6,255)	-
		5,178,624	4,396,778
Earnings per share - basic and diluted (Rupees)	33	5.54	4.71

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR

Consolidated Statement of Comprehensive Income

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees '000)	
Profit for the year		5,178,624	4,396,778
Other comprehensive income			
Items to be reclassified subsequently to profit and loss:			
Exchange difference on translating a joint venture		(194,167)	(135,925)
Exchange difference on translating an associate		811	(1,479)
		(193,356)	(137,404)
Surplus on revaluation of available for sale securities		551,370	-
Tax on above		(68,921)	-
Surplus on revaluation of available for sale securities-net of tax		482,449	-
		289,093	(137,404)
Items that will not be reclassified to profit or loss:			
Actuarial losses	10.2.7	(49,878)	(51,155)
Total comprehensive income		5,417,839	4,208,219
Attributable to:			
-Owners of the holding Company		5,424,094	4,208,219
-Non-controlling interest		(6,255)	-
		5,417,839	4,208,219

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

Say No To Corruption

Consolidated Cash Flow Statement

for the year ended December 31, 2015

	Note	2015	2014
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operating activities	34	(957,524)	12,433,229
Finance cost paid		(1,556,720)	(1,299,340)
Taxes paid		(3,826,287)	(1,932,960)
Payment to Gratuity Fund		(47,569)	(95,228)
Compensated absences paid		(32,317)	(40,697)
Payment to Workers Welfare Fund		(120,935)	-
Payment to Workers' (Profit) Participation Fund		(329,897)	(339,808)
Net cash (used in) / generated from operating activities		(6,871,249)	8,725,196
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(15,967,489)	(3,194,633)
Long term investments		(593,075)	(369,503)
Proceeds from sale of property, plant and equipment		14,252	18,796
Dividend received		590,643	300,009
Short term investments		8,137,539	(3,236,902)
Profit received on bank balances and term deposits		238,006	279,969
Net cash used in investing activities		(7,580,124)	(6,202,264)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans		3,700,000	10,000,000
Injection of equity by non controlling interest		2,571,875	-
Deferred Government assistance		(648,201)	(648,201)
Transaction cost of long term loans paid		(330,394)	-
Short term borrowings - net		11,950,000	(5,600,000)
Dividend paid		(2,960,416)	(3,752,311)
Net cash generated from / (used in) financing activities		14,282,864	(512)
Net (decrease) / increase in cash and cash equivalents		(168,509)	2,522,420
Cash and cash equivalents at beginning of the year		5,566,840	3,044,420
Cash and cash equivalents at end of the year		5,398,331	5,566,840
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:			
- Cash and bank balances	24	12,426,643	5,474,248
- Short term highly liquid investments	23	4,607,748	1,430,000
- Short term running finance		(11,636,060)	(1,337,408)
		5,398,331	5,566,840

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

CHAIRMAN	CHIEF EXECUTIVE	DIRECTOR

Consolidated Statement of Changes in Equity

for the year ended December 31, 2015

	Share capital	Reserves: Capital reserve	Statutory reserve	Translation reserve	Revaluation reserve on available for sale investments	Accumulated profit	Non-controlling interest	Total
	(Rupees '000)							
Balance as at January 01, 2014	9,341,100	228,350	6,380	1,041,870	-	3,163,872	-	13,781,572
Total comprehensive income								
Profit for the year	-	-	-	-	-	4,396,778	-	4,396,778
Other comprehensive income for the year	-	-	-	(137,404)	-	(51,155)	-	(188,559)
Total comprehensive income for the year	-	-	-	(137,404)	-	4,345,623	-	4,208,219
Transfer to statutory reserve	-	-	173,203	-	-	(173,203)	-	-
Transactions with owners of the company								
Distributions to owners								
Final dividend 2013 (Rs. 2.25 per ordinary share)	-	-	-	-	-	(2,101,747)	-	(2,101,747)
First interim dividend 2014 (Re. 1.00 per ordinary share)	-	-	-	-	-	(934,110)	-	(934,110)
Second interim dividend 2014 (Re. 0.75 per ordinary share)	-	-	-	-	-	(700,583)	-	(700,583)
Total transactions with owners	-	-	-	-	-	(3,736,440)	-	(3,736,440)
Balance as at December 31, 2014	9,341,100	228,350	179,583	904,466	-	3,599,852	-	14,253,351
Balance as at January 01, 2015	9,341,100	228,350	179,583	904,466	-	3,599,852	-	14,253,351
Total comprehensive income								
Profit for the year	-	-	-	-	-	5,184,879	(6,255)	5,178,624
Other comprehensive income for the year	-	-	-	(193,356)	482,449	(49,878)	-	239,215
Total comprehensive income for the year	-	-	-	(193,356)	482,449	5,135,001	(6,255)	5,417,839
Transfer to statutory reserve	-	-	175,456	-	-	(175,456)	-	-
Transactions with owners, recorded directly in equity								
Distributions to owners								
Final dividend 2014 (Rs. 2.25 per ordinary share)	-	-	-	-	-	(2,101,747)	-	(2,101,747)
First interim dividend 2015 (Re. 0.75 per ordinary share)	-	-	-	-	-	(700,583)	-	(700,583)
Total transactions with owners	-	-	-	-	-	(2,802,330)	-	(2,802,330)
Change in ownership interest								
Dilution of ownership interest	-	-	-	-	-	-	2,571,875	2,571,875
Balance as at December 31, 2015	9,341,100	228,350	355,039	711,110	482,449	5,757,067	2,565,620	19,440,735

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

Say No To Corruption

Notes to the Consolidated Financial Statements

for the year ended December 31, 2015

1. STATUS AND NATURE OF BUSINESS

Fauji Fertilizer Bin Qasim Limited group comprises of Fauji Fertilizer Bin Qasim Limited (FFBL / the Holding Company) and its subsidiaries, Fauji Meat Limited (FML), Fauji Foods limited (FFL) and FFBL Power Company Limited (FPCL), collectively referred as ("The Group").

FFBL is a public limited company incorporated in Pakistan under the Companies Ordinance,1984. Previously, the shares of the Company were quoted on Karachi, Lahore and Islamabad stock exchanges of Pakistan. However, due to integration of these stock exchanges into Pakistan Stock Exchange effective January 11, 2016 the shares of the Company are now quoted on Pakistan Stock Exchange. The registered office of FFBL is situated at 73 Harley street, Rawalpindi, Pakistan. FFBL is domiciled in Rawalpindi, Pakistan. The principal objective of FFBL is manufacturing, purchasing and marketing of fertilizers. FFBL commenced its commercial production effective January 1, 2000.

Set out below is a list of subsidiaries of the Group:

Name	Principal place of Business	Ownership in 2015	Ownership in 2014
Fauji Meat Limited (FML)	Pakistan	75%	100%
Fauji Foods Limited (FFL)	Pakistan	100%	100%
FFBL Power Company Limited (FPCL)	Pakistan	75%	100%

FML is a public limited company incorporated on September 05, 2013 in Pakistan under the Companies Ordinance, 1984. The principal objectives of the Company are to establish a meat abattoir unit for Halal slaughtering of animals to obtain meat for local and export sale of carcass, cut shapes, and processed food that is ready to eat / cook, beverages and allied businesses and to do all such things as are incidental or conducive to the attainment of the object of the establishment and operation of such industrial unit.

FFL is a public limited company incorporated on July 04, 2013 in Pakistan under the Companies Ordinance, 1984. The principal objectives of FFL 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. The Company has been established to design, finance, build, own & operate (BOO) a Coal Fired Power Plant with an installed capacity of 118 MW at Port Qasim Karachi in the province of Sindh. The Company has achieved financial close in December 2015. Construction has already commenced in March 2015 and the Company will achieve its commercial operation within a period of 24 months.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated 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.

The applicable framework for banks also includes the Banking Companies Ordinance 1962 and the provision of and directives issued by the State Bank of Pakistan.

2.2 Basis of measurement

These consolidated 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 and compensated absences which are carried at present value of defined benefit obligation net of fair value of plan assets.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Group'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 consolidated 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 recognized 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 recognized in the consolidated financial statements are discussed in the ensuing paragraphs.

2.4.1 Staff retirement gratuity

Defined benefit plan is provided for permanent employees of the Group. 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 principal 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 Group 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

The Group 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 realizable 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.

2.4.4 Provision for doubtful receivables

The carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realizability of these receivables, appropriate amount of provision is made.

2.4.5 Taxation

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

2.4.6 Contingencies

The Group 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.

2.4.7 Impairment

The carrying amount of the Group'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 impairment loss, if any.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

3.1 Consolidated financial statements

The consolidated financial statements include the financial statements of FFBL and its subsidiary companies as mentioned in Note 1.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred is generally measured at fair value. Any goodwill that arises is tested annually for impairment. Any gain / (loss) on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-fixing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of financial instrument is classified as equity, then it is not measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent consideration are recognized in profit or loss.

Goodwill represents the excess of the cost of the acquisition over the Group’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 recognized 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.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and material unrealized income and expenses arising from intra-group transactions are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 Employees' retirement benefits

FFBL has the following plans for its employees:

Provident Fund - Defined Contribution Scheme

FFBL 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 FFBL and employees at the rate of 10% of basic pay. FFBL's contribution is charged to income for the year.

Gratuity Fund - Defined Benefit Scheme

FFBL 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 10.2. Amount determined by the actuary as charge for the year is included in profit and loss account for the year.

Compensated absences

The Group grants compensated absences to all its employees in accordance with the rules of FFBL. Provisions are made in accordance with the actuarial recommendation. Under this unfunded scheme, regular employees are entitled maximum 30 days privilege leave for each completed year of service. Un-utilized privilege leaves are accumulated upto a maximum of 120 days which are encashable at the time of separation from service on the basis of last drawn gross salary. Provision is recognized based on actuarial valuation is carried out using the Projected Unit Credit Method.

3.3 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income in which case it is recognized 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 recognized 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 recognized 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 joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized 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 taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. 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 realized.

3.4 Property, Plant & Equipment and Intangibles

3.4.1 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 bring 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 recognized net within "other income" in profit or loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized 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 14. 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.

3.4.2 Intangibles

Intangibles are stated at the cash price equivalent of the consideration given, i.e., cash and cash equivalent paid less accumulated amortization and impairment loss, if any. Intangibles with finite useful lives are amortized over the period of their useful lives. Amortization is charged on a straight line basis over the estimated useful life and is included in the profit and loss account.

3.5 Borrowing costs

Borrowing costs which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized 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.

3.6 Investments

3.6.1 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.

3.6.2 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 amortized cost using the effective interest method, less any impairment losses.

3.6.3 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. 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 recognized in other comprehensive income and presented within equity as reserve. When an investment is derecognized, 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 Group recognizes the regular way purchase or sale of financial assets using settlement date accounting.

3.7 Impairment

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account.

Impairment loss recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. 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 amortization, if no impairment loss had been recognized.

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant assets are assessed for specific impairment. All individually significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

3.8 Stores and spares

These are valued at lower of weighted average cost and net realizable value less impairment. For items which are slow moving and / or identified as surplus to the Group's requirement, an adequate provision is made for any excess book value over estimated net realizable value. The Group reviews the carrying amount of stores spares on regular basis and provision is made for obsolescence.

Net realizable value is estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.9 Stock in trade

These are valued at the lower of weighted average cost and net realizable 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 less impairment, if any.

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 realizable 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 Group becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost respectively. The Group derecognizes the financial assets and liabilities when it ceases to be a party to such contractual provision of the instruments.

Financial assets mainly comprise investments, loans, advances, deposits, trade debts, other receivables and cash and bank balances. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are trade and other payables.

All financial assets and liabilities are initially measured at fair value. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

Trade and other payables

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

Trade debts and other receivables

Trade debts and other receivables are due on normal trade terms. These are stated at amortized cost 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 Group 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, short term highly liquid investments and short term running finance.

3.12 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark-up 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 3.5.

3.13 Provisions

A provision is recognized if, as a result of a past event, the Group 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 recognized as a liability in the period in which it is declared.

3.15 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rate on the date of the transaction.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-attributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.16 Revenue recognition

Sale of fertilizer

Sales revenue is recognized 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. Transfer of risk and transfer occurs upon dispatch.

Scrap sales and miscellaneous receipts

Scrap sales and miscellaneous receipts are recognized on realized amounts on accrual basis.

3.17 Basis of allocation of common expenses

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

3.18 Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income, gain on disposal of available-for-sale financial assets and changes in the fair value of investments held for trading. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date when Group's right to receive the payment is established. Gain of sale of investments is recognized on the completion of sales transaction.

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

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

3.19 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segments' operating results are reviewed regularly by the CE & MD to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the CE & MD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group has the following four (4) business segments, which are its reportable segments. These divisions offer different products and services, and are managed separately because they require different technology and marketing strategies.

The following summary describes the operations of each reportable segment.

Reportable Segment	Operations
Fertilizers	Manufacturing, purchasing and marketing of fertilizers.
Power	Generation and supply of electricity.
Meat	Meat abattoir unit for halal slaughtering of animals to obtain meat for local and export sale.
Food	Produce multi brand dairy products.

3.20 New accounting standards and IFRIC interpretations

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 01 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Group's financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 01 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Group's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 01 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Group's financial statements.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 01 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. This amendment is not likely to have an impact on Group's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 01 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Group's financial statements.

- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 01 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above amendments are not likely to have an impact on the Group's financial statements.

		2015	2014
		(Rupees '000)	
4.	**SHARE CAPITAL**		
4.1	**ISSUED, SUBSCRIBED AND PAID - UP CAPITAL**		
	934,110,000 Ordinary shares of Rs. 10 each issued for cash	9,341,100	9,341,100

4.2 Fauji Fertilizer Company Limited and Fauji Foundation held 465,891,896 and 170,842,386 (2014: 465,891,896 and 170,842,386) ordinary shares respectively of the Company at the year end.

		2015	2014
4.3	**AUTHORIZED SHARE CAPITAL**		
	1,100,000,000 Ordinary shares of Rs. 10 each	11,000,000	11,000,000

5. CAPITAL RESERVE

Rs. 228,350 thousand represents share premium of Rs. 5 per share received on public issue of 45,670 thousand ordinary shares in 1996.

Notes to the Consolidated Financial Statements
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6. NON-CONTROLLING INTEREST- (NCI)

The following table summarizes the information relating to each of the Group's subsidiaries that have NCI, before any intra-group eliminations.

	2015 (Rupees '000)				2014 (Rupees '000)
	FFBL Power Company Limited	Fauji Meat Limited	Intra group eliminations / Adjustments	Total	Total
NCI percentage	**25%**	**25%**	**-**	**-**	**-**
Non-current assets	12,399,314	5,053,671	-	17,452,985	-
Current assets	2,310,961	1,860,380	-	4,171,341	-
Non-current liabilities	-	(3,700,000)	-	(3,700,000)	-
Current liabilities	(7,482,097)	(217,109)	-	(7,699,206)	-
Net assets	7,228,178	2,996,942	-	10,225,120	-
Net assets attributable to NCI	1,807,045	749,236	9,339	2,565,620	-
Revenue	-	-	-	-	-
Loss for the year	(38,280)	(14,477)	-	(52,757)	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income	(38,280)	(14,477)	-	(52,757)	-
Loss allocated to NCI	(4,519)	(1,736)	-	(6,255)	-
Other Comprehensive Income allocated to NCI	-	-	-	-	-
Cash flows from operating activities	(153,210)	(735,392)	-	(888,602)	-
Cash flows from investing activities	(10,647,321)	(3,861,032)	-	(14,508,353)	-
Cash flows from financing activities	12,949,503	5,500,000	-	18,449,503	-
Net increase in cash and cash equivalents	2,148,972	903,576	-	3,052,548	-

	Note	2015 (Rupees '000)	2014
7. LONG TERM LOANS			
Fauji Fertilizer Bin Qasim Limited (FFBL)	7.1	9,375,000	10,000,000
Fauji Meat Limited (FML)	7.2	3,700,000	-
FFBL Power Company Limited (FPCL)	7.3	-	-
		13,075,000	10,000,000
7.1 LOANS FROM BANKING COMPANIES - SECURED (FFBL)			
MCB Bank Limited		3,000,000	3,000,000
Allied Bank Limited		3,500,000	3,500,000
Bank Al-falah Limited		1,000,000	1,000,000
Bank Al-habib Limited		1,000,000	1,000,000
Meezan Bank Limited	7.1.1	1,500,000	1,500,000
		10,000,000	10,000,000
Less: Current portion shown under current liabilities		625,000	-
		9,375,000	10,000,000

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Terms and conditions of these loans are as follows:

Lenders	Mark-up Rate %	No. of Installments	Commencement of Repayment	Date of Final Repayment
MCB Bank Limited	3 Month KIBOR + 0.50	12 quarterly	December 2016	September 2019
Allied Bank Limited	3 Month KIBOR + 0.50	12 quarterly	December 2016	September 2019
Bank Al-falah Limited	6 Month KIBOR + 0.50	6 half yearly	March 2017	September 2019
Bank Al-habib Limited	3 Month KIBOR + 0.50	12 quarterly	December 2016	August 2019
Meezan Bank Limited	6 Month KIBOR + 0.15	1 at maturity	May 2017	May 2017

These are secured against ranking charge over current and fixed assets of the Company and carry mark up ranging between 6.68% to 7.10% per annum (2014: 10.34% to 10.68% per annum).

7.1.1 During the year company repaid this facility and obtained fresh amount which is to be settled in May, 2017.

		2015	2014
		(Rupees '000)	
7.2	**LOANS FROM BANKING COMPANIES - SECURED (FML)**		
	MCB Bank Limited	964,280	-
	Habib Bank Limited	1,350,000	-
	Dubai Islamic Bank - facility I and II	885,720	-
	Al-Baraka Bank	500,000	-
		3,700,000	-

Terms and conditions of Rs. 3,700,000 thousand facility are as follows:

Lenders	Mark-up Rate %	No. of Installments	Commencement of Repayment	Date of Final Repayment
MCB Bank Limited	6 Month KIBOR+1.35%	6 half yearly	May 2017	November 2020
Habib Bank Limited	6 Month KIBOR+1.35%	6 half yearly	May 2017	November 2020
Al-Baraka Bank	6 Month KIBOR+1.35%	6 half yearly	December 2017	December 2020
Dubai Islamic Bank - facility I	6 Month KIBOR+1.35%	6 half yearly	May 2017	November 2020
Dubai Islamic Bank - facility II	6 Month KIBOR+1.35%	6 half yearly	December 2017	December 2020

Mortgage by deposit of title deed over the mortgaged properties in favor of the security trustee (for the benefit of the participants) and hypothecation charge on present and future moveable assets for the amount inclusive of 25% margin and lien on project bank accounts.

7.3 FPCL has entered into the long term financing agreements on December 31, 2015 which comprised of commercial finance facility of Rs. 11,062.5 million and musharaka facility of Rs. 10,800 million.

These financing facilities have a grace period; earlier of 24 months, the Commercial Operations Date ("COD") or earlier date if any specified in the PPA - KE as the required COD , after which the Company may become liable to pay delay damages.

The financing facilities are payable in 40 quarterly installments. The disbursements under the facility is subject to certain conditions precedent. No amount has been withdrawn as at December 31, 2015.

		Note	2015	2014
			(Rupees '000)	
8.	**DEFERRED GOVERNMENT ASSISTANCE - UNSECURED**			
	Government of Pakistan (GoP) loan	8.1	1,298,539	1,925,179
	Less: Current portion shown under current liabilities		1,296,401	1,944,600
			2,138	(19,421)
	Deferred Government assistance	8.1	(2,138)	19,421
			-	-

8.1 This represents balance amount of GoP loan amounting in total of Rs. 9,723,015 thousand which is repayable in equal installments in 15 years with 1 year grace at zero percent effective November 30, 2001. As per restructuring agreement, 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 recognized as Deferred Government assistance. Deferred Government assistance is being amortized to fully offset the financial charge on the loan at an imputed rate of 7%. The amount amortized and offset against financial charges during the year amounted to Rs. 21,559 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. In this regard the Company appointed M/s A. F. Ferguson & Co, Chartered Accountants, as third party auditor selected by Ministry of Finance (MoF) as per the provisions of GoP letter dated May 10, 2002 for the examination of the Company's financial record relating to the Company's determination of the amount of excess cash and prepayment to GoP. The draft report of consultant is under consideration and has been submitted to MoF for review and concurrence. Not withstanding the above, the complete amount of Rs. 1,296,401 thousand has been transferred to current portion as prepayment of GoP loan on the basis of excess cash determination mechanism as per GoP letter. The Company is in the process of finalizing the determination with GoP.

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, three ECAs have released the guarantee of HBL and have returned the original documents.

Since one ECA has yet to release HBL from its responsibility as guarantor therefore, charge related to portion of the said guarantee on assets of the Company has not been vacated up to December 31, 2015. The Company is making efforts in getting this guarantee released.

		Note	2015	2014
			(Rupees '000)	
9.	**DEFERRED LIABILITIES**			
	Compensated leave absences	9.1	439,942	393,853
	Deferred tax	9.2	2,565,196	2,923,339
			3,005,138	3,317,192
9.1	**Compensated leave absences**			
	The movement in the present value of compensated absences is as follows:			
	Opening liability		393,853	358,052
	Expense for the year		78,406	76,498
	Benefits paid during the year		(32,317)	(40,697)
	Closing liability		439,942	393,853
	The main assumptions used for actuarial valuation are as follows:			
	Discount rate - per annum		10.00%	13.50%
	Expected rate of increase in salaries - per annum		10.00%	13.50%
	Leave accumulation factor - days		10	10
	Mortality table		SLIC-2001-2005	SLIC-2001-2005
	Withdrawal factor		Low	Low
9.2	**The balance of deferred tax is in respect of the following major taxable temporary differences:**			
	Accelerated depreciation		2,344,293	2,940,894
	Share of profit of associates		201,844	40,387
	Provision for inventory obsolescence		(49,827)	(57,942)
	Deferred tax on revaluation of available for sale investments		68,886	-
		9.2.1	2,565,196	2,923,339

		Note	2015	2014
			(Rupees '000)	
9.2.1	**The movement of deferred tax during the current year is as follows:**			
	Opening balance		2,923,339	3,102,345
	Deferred tax on revaluation of available for sale investments - Other Comprehensive Income		68,886	-
	Reversal for the year - Profit and Loss Account		(427,029)	(179,006)
	Closing balance		2,565,196	2,923,339
10.	**TRADE AND OTHER PAYABLES**			
	Creditors		8,699,864	8,383,469
	Accrued liabilities		2,028,893	1,907,884
	Advances from customers		383,337	1,698,215
	Workers' (Profit) Participation Fund - unsecured	10.1	(10,971)	42,667
	Payable to gratuity fund - unsecured	10.2	284,566	198,228
	Workers' welfare fund		1,053,074	1,066,082
	Unclaimed dividend		129,192	287,278
	Withholding tax payable		7,395	-
	Other payables		450,635	289,513
			13,025,985	13,873,336
10.1	**Workers' (Profit) Participation Fund**			
	Balance at beginning of the year		42,667	49,463
	Interest on funds utilized in the Company's business		154	345
	Allocation for the year	30	289,029	332,667
			331,850	382,475
	Payment made during the year		(329,897)	(339,808)
	Adjustments		(12,924)	-
			(10,971)	42,667

10.2 Gratuity Fund

FFBL operates a defined benefit plan comprising a funded gratuity scheme for its permanent employees. The fund for gratuity is administered by trustees.

		2015	2014
		(Rupees '000)	
10.2.1	**The amount recognized in the balance sheet is as follow:**		
	Present value of defined benefit obligation	666,607	574,512
	Fair value of plan assets	(382,041)	(376,284)
	Deficit	284,566	198,228
10.2.2	**The movement in the present value of defined benefit obligation is as follows:**		
	Defined benefit obligation at beginning of the year	574,512	466,617
	Current service cost	70,422	57,168
	Interest cost	65,317	57,277
	Benefits paid during the year	(60,415)	(52,048)
	Actuarial loss on obligation	16,771	45,498
	Present value of defined benefit obligation at end of the year	666,607	574,512
10.2.3	**The movement in fair value of plan assets is as follows:**		
	Fair value of plan assets at beginning of the year	376,284	292,964
	Expected return on plan assets	44,798	41,191
	Contributions	54,481	99,834
	Benefits paid during the year	(60,415)	(52,048)
	Actuarial (loss) on plan assets	(33,107)	(5,657)
	Fair value of plan assets at end of the year	382,041	376,284
10.2.4	**Plan assets comprise of:**		
	Investment in listed securities	79,861	73,669
	Investment in mutual funds	76,114	64,831
	Investment in term finance certificates	171,585	-
	Cash and bank balances	54,481	237,784
		382,041	376,284
10.2.5	Actual return on plan assets	11,691	35,534
	Contributions expected to be paid to the plan during the next financial year	99,738	86,960

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

	2015	2014
	(Rupees '000)	
10.2.7 Movement in liability recognized in the balance sheet:		
Opening liability	198,228	173,653
Expense for the year	90,941	68,648
Other comprehensive income	49,878	51,155
Contributions	(54,481)	(95,228)
Closing liability	284,566	198,228
10.2.8 Amount recognized in the profit and loss account is as follows:		
Current service cost	65,070	52,562
Net interest	18,959	16,086
	84,029	68,648
10.2.9 The expense is recognized in the following line items in the profit and loss account:		
Cost of sales	61,636	50,242
Administrative expenses	22,393	18,406
	84,029	68,648

10.2.10 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:

		Restated			
	2015	2014	2013	2012	2011
	(Rupees '000)				
Present value of defined benefit obligation	666,607	574,512	466,617	373,646	287,097
Fair value of plan assets	(382,041)	(376,284)	(292,964)	(249,770)	(196,583)
Deficit	284,566	198,228	173,653	123,876	90,514
Experience adjustments					
- Remeasurement gain / (loss) on obligation	16,771	(45,498)	(42,473)	(24,193)	-
- Remeasurement (loss) / gain on plan asset	(33,107)	(5,657)	3,198	11,490	-

10.2.11 Principal actuarial assumptions used in the actuarial valuation carried out as at December 31, 2015 are as follows:

	2015	2014
Discount rate	11.00%	12.00%
Expected rate of salary growth	11.00%	12.00%
Expected rate of return on plan assets	11.00%	12.00%
Mortality rate	SLIC-2001-2005	SLIC-2001-2005
Withdrawal factor	Low	Low

10.2.12 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumption set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in the respective assumptions by one percent.

	Defined benefit obligation	
	1 percent increase	1 percent decrease
Effect in millions of Rupees		
Discount rate	(66.66)	78.24
Salary increase rate	80.56	(69.83)

As the actuarial estimates of mortality continue to be refined, an increase of one year in the lives shown above is considered reasonably possible in the next financial year. The effect of this change would be an increase in the defined benefit obligation by Rs. Nil.

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last actuarial valuation at December 31, 2015 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned.

		Note	2015 (Rupees '000)	2014 (Rupees '000)
11.	**MARK - UP ACCRUED**			
	On demand finance		147,172	42,862
	Short term borrowings		175,651	43,111
	Long term loans		110,446	147,169
			433,269	233,142
12.	**SHORT TERM BORROWINGS - SECURED**			
	From banking companies and financial institutions			
	Demand finance	12.1	13,700,000	1,750,000
	Running finance	12.1	4,287,560	1,337,407
	Bridge finance	12.2	7,348,500	-
			25,336,060	3,087,407

12.1 The Holding Company has arranged short term facilities from various banks on mark-up basis with limits aggregating Rs. 20,320,000 thousand (2014: Rs. 13,630,000 thousand). These facilities carry mark-up ranging from 6.49% to 7.26% per annum (2014: 9.90% to 10.59% per annum) and are secured by hypothecation of charge on current and fixed assets of the Holding Company. The purchase prices are repayable on various dates by the Holding Company.

12.2 FPCL has obtained bridge finance facilities from various banks on mark-up basis with limits aggregating Rs. 7,398.5 million (2014: Nil). These facilities carry mark up ranging from 7.50% to 8.82% per annum and are secured by hypothecation charge over present and future fixed assets of FPCL. It includes finance facility of Rs. 4,000 million (2014: Nil) secured by the corporate guarantee of the Holding Company.

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for the year ended December 31, 2015

		2015	2014
		(Rupees '000)	
13.	**CONTINGENCIES AND COMMITMENTS**		
	Contingencies		
i)	Guarantees issued by banks on behalf of the Group.	55,612	60,692
ii)	Group's share of contingent liabilities of Fauji Cement Company Limited (FCCL) as at September 30,2015.	22,153	22,250
iii)	Group's share of contingent liabilities of Foundation Wind Energy - I Limited (FWE - I) as at September 30,2015.	63,945	62,873
iv)	Group's share of contingent liabilities of Foundation Wind Energy - II (Pvt) Limited (FWE - II) as at September 30,2015.	63,945	62,873
v)	Group's share of contingent liabilities of Askari Bank Limited (AKBL) as at September 30,2015.	38,858,428	34,965,631
vi)	Group's share of contingent liabilities of Noon Pakistan Limited (NPL) as at September 30,2015.	13,727	-
	Commitments		
i)	Capital expenditures - contracted.	830,063	3,603,502
ii)	Letters of credit for purchase of raw materials and stores and spares.	859,046	1,079,418
iii)	Commitments with Fauji Foundation for investment in Foundation Wind Energy - I Limited and Foundation Wind Energy - II (Private) Limited.	164,430	865,078
iv)	Group's share of commitments of Pakistan Maroc Phosphore S.A. Morocco (PMP) as at September 30,2015	8,080	4,623
v)	Commitments of Fauji Meat Limited (FML).	1,988,964	69,916
vi)	Commitments of FFBL Power Company Limited (FPCL).	10,584,484	5,390,538
vii)	Group's share of commitments of Fauji Cement Company Limited (FCCL) as at September 30,2015.	1,795	10,785
viii)	Group's share of commitments of Noon Pakistan Limited (NPL) as at September 30,2015.	307,913	-

14. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLES

	PROPERTY, PLANT AND EQUIPMENT												INTANGIBLES
	Leasehold land	Freehold land	Buildings on lease hold land	Plant and machinery	Furniture and fittings	Vehicles	Office and other equipment	Computer and ancillary equipment	Library books	Catalyst	Capital work in progress (note 14.1)	Total	
	(Rupees '000)												(Rupees'000)
COST													
Balance as at January 01, 2014	254,754	120,000	2,087,344	23,703,368	23,969	293,695	87,216	170,002	2,086	350,588	565,329	27,658,351	108,205
Additions during the year	-	423,794	38,124	-	9,580	134,626	12,438	17,170	49	2,490	2,556,362	3,194,633	-
Disposals	-	-	-	-	-	(48,753)	-	(241)	-	-	-	(48,994)	-
Transfers	-	-	-	101,641	-	-	-	-	-	-	(101,641)	-	-
Balance as at December 31, 2014	254,754	543,794	2,125,468	23,805,009	33,549	379,568	99,654	186,931	2,135	353,078	3,020,050	30,803,990	108,205
Balance as at January 01, 2015	254,754	543,794	2,125,468	23,805,009	33,549	379,568	99,654	186,931	2,135	353,078	3,020,050	30,803,990	108,205
Additions during the year	-	-	9,500	-	7,270	115,110	18,647	41,146	-	55,788	15,824,152	16,071,613	903
Disposals	-	-	-	-	-	(46,129)	-	(3,327)	-	-	-	(49,456)	-
Transfers	-	-	-	629,713	-	-	-	-	-	-	(629,713)	-	-
Balance as at December 31, 2015	254,754	543,794	2,134,968	24,434,722	40,819	448,549	118,301	224,750	2,135	408,866	18,214,489	46,826,147	109,108
DEPRECIATION													
Balance as at January 01, 2014	88,773	-	645,430	13,278,409	5,044	185,471	42,871	150,543	2,040	200,261	-	14,598,842	108,205
Charge for the year	7,488	-	62,894	1,181,531	2,689	54,757	12,600	12,821	40	49,029	-	1,383,849	-
Disposals	-	-	-	-	-	(42,884)	-	(81)	-	-	-	(42,965)	-
Balance as at December 31, 2014	96,261	-	708,324	14,459,940	7,733	197,344	55,471	163,283	2,080	249,290	-	15,939,726	108,205
Balance as at January 01, 2015	96,261	-	708,324	14,459,940	7,733	197,344	55,471	163,283	2,080	249,290	-	15,939,726	108,205
Charge for the year	7,488	-	63,835	1,190,862	3,585	72,758	14,051	18,037	23	37,655	-	1,408,294	162
Disposals	-	-	-	-	-	(37,336)	-	(3,229)	-	-	-	(40,565)	-
Balance as at December 31, 2015	103,749	-	772,159	15,650,802	11,318	232,766	69,522	178,091	2,103	286,945	-	17,307,455	108,367
Written down value - 2014	158,493	543,794	1,417,144	9,345,069	25,816	182,224	44,183	23,648	55	103,788	3,020,050	14,864,264	-
Written down value - 2015	151,005	543,794	1,362,809	8,783,920	29,501	215,783	48,779	46,659	32	121,921	18,214,489	29,518,692	741
Rate of depreciation	2 to 4%	-	3%	5%	10%	20% to 33%	15%	33% to 50%	30%	17% to 50%	-	-	33%

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		Note	2015 (Rupees '000)	2014 (Rupees '000)
14.1	**Capital work in progress - (CWIP)**			
	Fauji Fertilizer Bin Qasim Limited (FFBL)	14.1.1	1,299,511	801,263
	FFBL Power Company Limited (FPCL)	14.1.2	12,051,121	1,312,858
	Fauji Meat Limited (FML)	14.1.3	4,863,857	917,933
			18,214,489	3,032,054
14.1.1	**CWIP - Fauji Fertilizer Bin Qasim Limited**			
	Plant and machinery including advances to suppliers		291,685	238,157
	Civil works		1,007,826	563,106
			1,299,511	801,263
14.1.2	**CWIP - FFBL Power Company Limited**			
	Plant, machinery and civil works		11,025,254	1,014,929
	Professional services		212,715	103,607
	Borrowing cost		105,027	-
	Advance for purchase of land		38,153	-
	Other directly attributable cost		669,972	194,322
			12,051,121	1,312,858
	Borrowing cost was capitalized during the year using capitalization rate of 7.84% per annum.			
14.1.3	**CWIP - Fauji Meat Limited**			
	Building		1,257,954	267,513
	Plant and machinery		2,465,526	515,227
	Consultancy services		185,456	73,060
	Advances to suppliers and contractors		575,552	12,006
	Borrowing cost		100,418	-
	Other direct expenses		278,951	50,127
			4,863,857	917,933
14.2	**Depreciation and amortization charge has been allocated as follows:**			
	Cost of sales	26	1,336,546	1,338,780
	Administrative expenses	28	71,910	45,069
			1,408,456	1,383,849

		Cost	Book value (Rupees '000)	Sale proceeds
14.3	**Details of property, plant and equipment sold:**			
	Vehicles			
	As per Group policy to employees			
	Maj Muhammad Safdar (Retd)	1,455	461	142
	Brig Shaukat Yaqub Malik (Retd)	2,068	758	202
	Brig Tasadduq Hussain Zahid (Retd)	2,068	758	202
	Col Muhammad Shafique (Retd)	1,606	508	157
	Maj Babar Rashid (Retd)	1,356	249	133
	Brig Imtiaz Ahmed (Retd)	2,377	594	381
	Mr. Farhan Mahboob	1,683	1,514	1,406
	Insurance claim	5,488	3,950	4,885
	Aggregate of items of property, plant and equipment with individual book value below Rs. 50,000	31,355	98	6,744
	2015	49,456	8,890	14,252
	2014	48,994	6,030	18,796

		Note	2015	2014
			(Rupees '000)	
15.	**LONG TERM INVESTMENTS**			
	Interest in joint venture	15.1	3,094,397	2,579,774
	Interests in associates	15.2	9,729,324	7,959,741
	Available for sale investments	15.3	-	-
			12,823,721	10,539,515

15.1 Interest in joint venture

Pakistan Maroc Phosphore S.A. Morocco (PMP) is a joint venture in which the Group has joint control and a 25% ownership interest. It is one of the Group's strategic suppliers and is principally engaged in the production of Phosphoric acid in Morocco. PMP is not publicly listed. PMP is structured as a separate vehicle and the Group has a residual interest in the net assets of PMP. Accordingly, the Group has classified its interest in PMP as a joint venture.

Cost of Group's investment is Moroccan Dirhams 200,000 thousand which was made from 2004 to 2006 and represents 25% interest In Pakistan Maroc Phosphore S.A. Morocco (PMP), a joint venture between the Group, 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 Phosphore S.A., the Group's equity will be converted to interest bearing loan. The Group has also committed not to pledge shares of PMP without prior consent of PMPs' lenders.

The following table summarizes the financial information of PMP as included in its own financial statements for the period ended 30 September 2015, which have been used for equity accounting as these were the latest approved financial statements. Further, results of operations of last quarter of 2014 have also been considered for equity accounting. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in PMP.

	2015	2014
	(Rupees '000)	
Percentage ownership interest	25%	25%
Non-current assets	10,241,536	12,349,640
Current assets	11,764,928	11,547,128
Non-current liabilities	(532,440)	(2,685,608)
Current liabilities	(9,096,436)	(10,892,064)
Net Assets (100%)	12,377,588	10,319,096
Group's share of net assets (25%)	3,094,397	2,579,774
Revenue	31,594,674	27,621,875
Depreciation and amortization	(1,171,989)	(1,247,538)
Finance cost	(299,930)	(448,217)
Income tax expense	(160,438)	(138,128)
Other expenses	(27,118,009)	(24,312,096)
Profit and total comprehensive Income (100%)	2,844,308	1,475,896
Group's share of total comprehensive income (25%)	711,077	368,974

15.2 Interests in associates

15.2.1 FFBL holds 1.36% equity interest in Fauji Cement Company Limited (FCCL) which is less than 20%, however it is concluded that the Group has significant influence due to its representation on the Board of Directors of FCCL. Market value of investment in FCCL as at December 31, 2015 was Rs. 690,375 thousand (2014: Rs. 484,500 thousand). FFBL is committed not to dispose off its investment in FCCL so long as the loan extended to FCCL by Faysal Bank Limited (formerly Royal Bank of Scotland), remains outstanding or without prior consent of FCCL.

15.2.2 FFBL holds 35% shareholding in Foundation Wind Energy- I Limited (FWE - I) and Foundation Wind Energy - II (Private) Limited (FWE - II). Break up value of shares based on unaudited interim financial information for period ended September 30 2015 is Rs. 9.47 per share (2014: Rs. 8.47 per share) and Rs. 93.28 per share (2014: Rs. 87.97 per share) respectively. Both FWE - I and FWE - II have achieved Commercial Operation Date in April 2015 and December 2014 respectively. Both FWE - I and FWE - II have been established for setting up 49.5 MW wind power plant each.

15.2.3 FFBL holds 21.57% equity of Askari Bank Limited (AKBL) representing 271,884 thousand ordinary shares of Rs. 10 each acquired at average price of Rs. 19.24 per share. Market value of investment in AKBL as at December 31, 2015 was Rs. 5,910,758 thousand (2014: Rs 6,272,364 thousand). AKBL is a schedule commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962.

Management of the Holding Company has carried out an impairment analysis for this investment, based on future expected cash flows for the next five years and thereon cash flows on terminal values. The future cash flows have been discounted at weighted average cost of capital of 7.49%. Based on the analysis the management believes that investment in associated company is carried at its recoverable amount.

15.2.4 FFBL jointly with Fauji Foundation has acquired 51% shareholding of Noon Pakistan Limited (NPL), a listed company engaged in manufacture and sale of toned milk, milk powder, fruit juices, allied dairy and food products with shares listed at Pakistan Stock Exchange Limited. As per agreement signed on May 18, 2015, FFBL and Fauji Foundation has acquired voting shares of 38.25% (4.5 million) and 12.75% (1.5 million) respectively which is effective from September 04, 2015. In addition FFBL along with Fauji Foundation has also acquired non voting shares of 38.25% (7.5 million) and 12.75% (2.5 million) respectively. FFBL and Fauji Foundation has also given their commitment to subscribe the right issue announced by NPL, subject to the approval by shareholders. Market value of FFBL's investment in NPL for voting and non voting shares as at December 31, 2015 was Rs.1,090 million (2014: Nil) and Rs. 1,334 million (2014: Nil) respectively.

The following table summarizes the financial information of associates as included in their own unaudited interim financial information for the period ended 30 September 2015, which have been used for accounting under equity method as these were the latest approved financial statements.

Reporting date of AKBL & NPL is December 31st and reporting date of other associates is June 30th. Accordingly, results of operations of three quarters of financial year 2015 and last quarter of financial year 2014 have been considered for AKBL while results of operations of 3rd quarter only of Noon Pakistan Limited have been considered since acquisition date by FFBL was September 04, 2015 and results of operations of first quarter of financial year 2016 and three quarters of financial year 2015 have been considered for other associates. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in associate.

	2015 (Rupees '000)					
	FCCL	FWE - I	FWE - II	NPL	AKBL	Total
Percentage of shareholding	1.36%	35%	35%	38.25%	21.57%	
Non - current assets	23,773,322	12,457,124	11,797,583	1,022,142	-	49,050,171
Current assets	7,440,266	2,042,620	1,525,554	437,769	-	11,446,209
Other assets	-	-	-	-	516,574,531	516,574,531
Deferred tax asset not recognized	-	-	-	97,336	-	97,336
Total assets	31,213,588	14,499,744	13,323,137	1,557,247	516,574,531	577,168,247
Non - current liabilities	(7,899,135)	(7,991,205)	(7,655,127)	(1,155)	-	(23,546,622)
Current liabilities	(6,772,877)	(3,119,139)	(2,271,898)	(1,195,553)	-	(13,359,467)
Other liabilities	-	-	-	-	(490,364,606)	(490,364,606)
Total liabilities	(14,672,012)	(11,110,344)	(9,927,025)	(1,196,708)	(490,364,606)	(527,270,695)
Net assets (100%)	16,541,576	3,389,400	3,396,112	360,539	26,209,925	49,897,552
Group's share of net assets	224,965	1,186,290	1,188,639	137,906	5,653,481	8,391,281
Goodwill	154,817	57,818	42,489	331,624	733,118	1,319,866
Other adjustment	(437)	87	89	2,458	15,979	18,176
	154,380	57,905	42,578	334,082	749,097	1,338,042
Carrying amount of interest in associate	379,345	1,244,195	1,231,217	471,988	6,402,578	9,729,323
Revenue	18,848,729	919,115	1,333,822	358,230	14,250,618	35,710,514
Profit / (loss) from continuing operations (100%)	4,516,176	210,000	104,097	(74,247)	4,874,752	9,630,778
Group's share of profit / (loss)	61,420	73,500	36,434	(7,869)	1,051,484	1,214,969

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	2014 (Rupees '000)					
	FCCL	FWE - I	FWE - II	NPL	AKBL	Total
Percentage of shareholding	1.36%	35%	35%	0.00%	21.57%	
Non - current assets	24,565,589	11,278,418	11,410,753	-	-	47,254,760
Current assets	6,102,755	505,149	1,132,210	-	-	7,740,114
Other assets	-	-	-	-	409,895,434	409,895,434
Total assets	30,668,344	11,783,567	12,542,963	-	409,895,434	464,890,308
Non - current liabilities	(9,891,848)	(7,777,238)	(8,476,788)	-	-	(26,145,874)
Current liabilities	(5,360,220)	(1,159,301)	(996,181)	-	-	(7,515,702)
Other liabilities	-	-	-	-	(389,615,409)	(389,615,409)
Total liabilities	(15,252,068)	(8,936,539)	(9,472,969)	-	(389,615,409)	(423,276,985)
Net assets (100%)	15,416,276	2,847,028	3,069,994	-	20,280,025	41,613,323
Group's share of net assets	209,661	996,460	1,074,498	-	4,374,401	6,655,020
Goodwill	154,817	57,818	42,489	-	733,118	988,242
Other adjustment	322	48,074	32,921	-	235,162	316,479
	155,139	105,892	75,410	-	968,280	1,304,721
Carrying amount of interest in associate	364,800	1,102,352	1,149,908	-	5,342,681	7,959,741
Revenue	17,828,790	-	-	-	11,034,930	28,863,720
Profit / (loss) from continuing operations (100%)	2,545,000	(30,374)	(4,723)	-	1,641,118	4,151,021
Group's share of profit / (loss)	34,612	(10,631)	(1,653)	-	353,989	376,317

	2015	2014
	(Rupees '000)	
15.3 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
	-	-

The Holding Company holds 300,000 ordinary shares of Rs. 10 each representing equity interest of 3.87% in Arabian Sea Country Club Limited. Breakup value based on audited accounts for the year ended June 30, 2014 was Rs.0.70 per ordinary share (June 30, 2014: Rs. 0.70). This investment is fully impaired.

	2015	2014
	(Rupees '000)	
16. STORES AND SPARES		
Stores	412,714	396,431
Spares	2,225,254	2,119,264
Provision for obsolescence	(164,391)	(165,550)
	2,473,577	2,350,145

		Note	2015	2014
			(Rupees '000)	
17.	**STOCK IN TRADE**			
	Packing materials		65,708	56,089
	Raw materials		1,779,981	804,109
	Raw materials in transit		945,114	315,805
	Work in process		108,069	103,341
	Finished goods		1,650,560	277,952
			4,549,432	1,557,296
18.	**TRADE DEBTS**			
	Secured - considered good		1,024,702	1,468,373
			1,024,702	1,468,373
19.	**ADVANCES**			
	Advances to:			
	- Executives, unsecured considered good		823	1,572
	- Other employees, unsecured considered good		97,329	75,891
	Advances to suppliers and contractors			
	- Considered good		704,403	815,319
			802,555	892,782
20.	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		96,289	7,177
	Prepayments		30,506	21,512
			126,795	28,689
21.	**OTHER RECEIVABLES**			
	Due from Fauji Fertilizer Company Limited			
	- unsecured, considered good	21.1	536,643	173,420
	Subsidy on DAP receivable from Government of Pakistan	31.1	4,280,159	-
	Other receivables			
	- Considered good		54,802	39,415
			4,871,604	212,835

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

22. This represents upfront transaction cost paid by FFBL Power Company Limited on long term finance facility arranged for its power project.

Notes to the Consolidated Financial Statements

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		Note	2015 (Rupees '000)	2014 (Rupees '000)
23.	**SHORT TERM INVESTMENTS**			
	Loans and receivables			
	Term deposits with banks and financial institutions	23.1	4,607,748	1,430,000
	Investments at fair value through profit or loss - held for trading			
	Money market funds		-	7,800,117
			4,607,748	9,230,117

23.1 These investments carry interest rate of 5.25% to 7.50% (2014: 7.80% to 9.50%) per annum.

		Note	2015 (Rupees '000)	2014 (Rupees '000)
24.	**CASH AND BANK BALANCES**			
	Deposit accounts - in local currency	24.1	11,658,590	5,099,967
	- in foreign currency		2,036	1,956
			11,660,626	5,101,923
	Current accounts		764,898	371,501
	Cash in hand		1,119	824
			12,426,643	5,474,248

24.1 This includes Rs. 1,525,671 thousand (2014: Rs. 143,770 thousand) held under lien by the commercial banks against various facilities. This includes Rs. 1,020,833 thousand (2014: Nil) held under lien for providing guarantee on behalf of Foundation Wind Energy - I Limited and Foundation Wind Energy - II (Private) Limited.

24.2 These deposit accounts carry interest rate of 4.5% to 7.7% (2014: 6.5% to 10.2%) per annum.

		Note	2015 (Rupees '000)	2014 (Rupees '000)
25.	**SALES - NET**			
	Gross Sales		62,363,027	58,293,148
	Less:			
	Sales tax		9,868,462	8,829,450
	Trade discount		291,732	-
	Commission to Fauji Fertilizer Company Limited	25.1	20,761	18,442
			10,180,955	8,847,892
			52,182,072	49,445,256

25.1 Commission is paid @ Re.1 per bag sold by Fauji Fertilizer Company Limited, based on inter company services agreement.

		Note	2015	2014
			(Rupees '000)	
26.	**COST OF SALES**			
	Raw materials consumed		37,407,350	29,984,717
	Packing materials consumed		571,421	587,871
	Fuel and power		3,522,663	2,860,257
	Chemicals and supplies consumed		206,017	226,404
	Salaries, wages and benefits	26.1	1,811,085	1,727,094
	Rent, rates and taxes		24,906	75,995
	Insurance		99,267	99,719
	Travel and conveyance		153,259	167,668
	Repairs and maintenance		1,021,982	926,362
	Communication, establishment and other expenses		190,704	165,197
	Depreciation	14.2	1,336,546	1,338,780
	Opening stock - work in process		103,341	26,936
	Closing stock - work in process		(108,069)	(103,341)
	Cost of goods manufactured		46,340,472	38,083,659
	Opening stock - finished goods		277,952	547,596
	Closing stock - finished goods		(1,650,560)	(277,952)
	Cost of sales		44,967,864	38,353,303

26.1 This includes charge on account of employees' retirement benefits in respect of gratuity, provident fund and compensated absences amounting to Rs. 61,636 thousand, Rs. 40,524 thousand and Rs. 57,441 thousand respectively. (2014: Rs. 50,242 thousand, Rs. 37,089 thousand and Rs. 52,194 thousand respectively).

		Note	2015	2014
			(Rupees '000)	
27.	**SELLING AND DISTRIBUTION EXPENSES**			
	Product transportation		2,839,172	2,398,200
	Expenses charged by Fauji Fertilizer Company Limited	27.1		
	Salaries, wages and benefits		655,066	625,900
	Rent, rates and taxes		51,907	54,447
	Technical services		5,601	5,658
	Travel and conveyance		70,243	82,451
	Sales promotion and advertising		32,289	38,160
	Insurance		9,122	-
	Communication, establishment and other expenses		66,240	70,255
	Warehousing expenses		73,174	23,086
	Depreciation		16,719	16,017
			980,361	915,974
			3,819,533	3,314,174

27.1 This represents common expenses charged by Fauji Fertilizer Company Limited on account of marketing of FFBL's products based on an inter company services agreement.

		Note	2015	2014
			(Rupees '000)	
28.	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits	28.1	895,469	873,108
	Travel and conveyance		174,364	154,584
	Utilities		12,807	11,062
	Printing and stationery		18,088	11,981
	Repairs and maintenance		33,714	19,880
	Communication, establishment and other expenses		54,954	56,289
	Rent, rates and taxes		47,854	19,404
	Listing fee		2,278	1,381
	Donations	28.2	8,296	70,109
	Legal and professional		87,803	43,369
	Depreciation	14.2	71,910	45,069
	Miscellaneous		71,920	53,236
			1,479,457	1,359,472

28.1 This includes charge on account of employees' retirement benefits in respect of gratuity, provident fund and compensated absences amounting to Rs. 22,393 thousand, Rs. 18,618 thousand and Rs. 20,965 thousand respectively (2014: Rs. 18,406 thousand, Rs. 17,212 thousand and Rs. 24,304 thousand respectively).

28.2 During the year, the Group has not paid donation to any organization in which any director or his spouse has interest.

		2015	2014
		(Rupees '000)	
29.	**FINANCE COST**		
	Mark-up on short term borrowings	789,655	933,193
	Mark-up on long term finance	828,668	330,984
	Interest on Workers' (Profit) Participation Fund	154	345
	Bank charges	33,342	32,253
	Exchange loss	219,936	16,181
		1,871,755	1,312,956

	Note	2015	2014
		(Rupees '000)	
30. OTHER OPERATING EXPENSES			
Workers' (Profit) Participation Fund	10.1	289,029	332,667
Workers' Welfare Fund		107,754	116,986
Auditor's remuneration - Holding Company			
Fees - annual audit		1,400	1,205
Fees - half yearly review		250	100
Other certification & services		932	718
Out of pocket expenses		215	115
		2,797	2,138
Auditor's remuneration - Subsidiary companies			
Fees - annual audit		375	375
Other certification & services		103	-
Out of pocket expenses		70	70
		548	445
		400,128	452,236
31. OTHER INCOME			
Income from financial assets			
Profit on bank balances and term deposits		272,154	277,873
Dividend on investment in money market funds		-	171,102
Gain on sale of investments		337,422	268,977
		609,576	717,952
Income from assets other than financial assets			
Scrap sales and miscellaneous receipts		229,676	65,361
Subsidy Income on DAP	31.1	4,280,159	-
Gain on sale of property, plant and equipment		5,362	12,766
Others		4,044	(2,233)
		5,128,817	793,846

31.1 This represents subsidy @ Rs. 500 per bag on sale of Di-Ammoniun Phosphate (DAP) fertilizer pursuant to notification No. F.1-11/2012/DFSC-11/Fertilizer date October 15, 2015 issued by Ministry of National Food Security and Research, Government of Pakistan.

	2015	2014
	(Rupees '000)	
32. TAXATION		
Current	1,946,603	1,974,479
Deferred	(427,029)	(179,005)
	1,519,574	1,795,474

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		2015		2014	
		(Rupees '000)	%	(Rupees '000)	%
32.1	**Reconciliation of tax charge for the year:**				
	Profit before tax	6,698,198	-	6,192,252	-
	Tax on profit	2,143,423	32.00	2,043,443	33.00
	Tax effect of lower rate on certain income / expenses	(57,362)	(0.86)	(244,147)	(3.94)
	Tax effect of exempt income / permanent differences	(15,781)	(0.24)	(3,822)	(0.06)
	Tax effect of liabilities written back	(56,885)	(0.85)	-	-
	Super tax and revision in tax liability	200,141	2.99	-	-
	Tax effect of revision in rate of deferred tax	(134,508)	(2.01)	-	-
	Tax affect of profit of associates-net	(549,770)	(8.21)	-	-
	Others	(9,684)	(0.14)	-	-
		1,519,574	22.68	1,795,474	29.00

		2015	2014
33.	**EARNINGS PER SHARE - BASIC AND DILUTED**		
	Profit for the year (Rupees '000)	5,178,624	4,396,778
	Weighted average number of ordinary shares in issue during the year (thousand)	934,110	934,110
	Earnings per share - basic and diluted (Rupees)	5.54	4.71

There is no dilutive effect on the basic earnings per share of the Group for the year 2015.

	Note	2015	2014
		(Rupees '000)	
34. CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES			
Profit before taxation		6,698,198	6,192,252
Adjustments for:			
Provision for gratuity		84,029	68,648
Exchange loss		219,936	16,181
Provision for compensated absences		78,406	76,498
Provision for Workers' (Profit) Participation Fund	10.1	289,029	332,667
Provision for Workers' Welfare Fund		107,754	116,986
Depreciation	14.2	1,408,456	1,383,849
Finance cost		1,651,819	1,296,775
Gain on investments including dividend received		(337,422)	(440,079)
Share of (profit) / loss of joint venture and associates		(1,926,046)	(745,291)
Profit on bank balances and term deposits		(272,154)	(277,873)
Gain on sale of property, plant and equipment		(5,362)	(12,766)
		7,996,643	8,007,847
Changes in:			
Stores and spares		(123,432)	(242,652)
Stock in trade		(2,992,136)	(428,039)
Trade debts		443,671	135,270
Advances		90,227	(314,816)
Trade deposits and short term prepayments		(98,106)	1,188
Other receivables		(4,658,769)	480,937
Sales tax refundable		(676,387)	(572,900)
Trade and other payables		(939,235)	5,366,394
		(8,954,167)	4,425,382
		(957,524)	12,433,229

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 Group are given below:

	2015		2014	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees '000)			
Managerial remuneration	11,598	179,796	12,525	129,791
Bonus	2,800	83,529	2,065	86,771
Contributory Provident Fund	547	7,555	560	5,514
Others	5,107	45,480	7,129	39,756
	20,052	316,360	22,279	261,832
No. of person (s)	1	29	1	24

The above are provided medical facilities. Chief Executive and certain executives are also provided with the Group's maintained vehicles and household equipment and other benefits in accordance with the Group's policy. Gratuity is payable to the chief executive in accordance with the terms of employment while contribution for executives in respect of gratuity is on the basis of actuarial valuation. Leave encashment was paid to executives amounting to Rs.10,321 thousand (2014 : Rs. 3,725 thousand) on separation in accordance with the Group's policy.

In addition, the other directors of the Group are paid meeting fee aggregating Rs. 12,540 thousand (2014: Rs. 9,225 thousand). No remuneration was paid to directors of the Group (2014: Nil). The number of directors of the Group was 16 (2014 :16).

The aggregate amount charged in respect of meeting of directors of FFBL was Rs. 11,250 thousand (2014: Rs. 8,325 thousand), FFBL Power Company Limited (FPCL) was Rs. 480 thousand, Fauji Meat Limited (FML) was Rs. 345 thousand (2014: Rs. 570 thousand), while directors of Fauji Foods Limited (FFL) was paid meeting fee aggregating to Rs. 465 thousand (2014: 330 thousand).

36. FINANCIAL INSTRUMENTS

The Group has exposure 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 Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, 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 Group’s activities. The Group, 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 Group’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. 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 Group if a customer or counter party 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:

	2015	2014
	(Rupees '000)	
Trade debts	1,024,702	1,468,373
Deposits	174,932	85,820
Advances	802,555	892,782
Interest accrued	51,781	17,633
Other receivables - net of provision	4,871,604	212,835
Short term investments	4,607,748	9,230,117
Bank balances	12,426,643	5,474,248
	23,959,965	17,381,808

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 Group's most significant amount receivable is from Fauji Fertilizer Company Limited which amounts to Rs. 536,643 thousand (2014: Rs. 173,420 thousand) and which is included in total carrying amount of other receivables as at reporting date. At the balance sheet date this receivable is not overdue or impaired.

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

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

36.2 Credit quality of financial assets

The credit quality of Group's financial assets have been assessed below by reference to external credit rating of counterparties determined by the Pakistan Credit Rating Agency Limited (PACRA), Moody's and JCR - VIS Credit Rating Company Limited (JCR - VIS). The counterparties for which external credit ratings were not available have been assessed by reference to internal credit ratings determined based on their historical information for any default in meeting obligations.

	Rating	2015	2014
		(Rupees '000)	
Trade Debts			
Counterparties without external credit ratings			
- Existing customers with no default in the past		1,024,702	1,468,373
Deposits			
Counterparties without external credit ratings			
- Others		174,932	85,820
Advances			
Counterparties without external credit ratings			
- Others		802,555	892,782
Interest accrued			
Counterparties without external credit ratings			
- Others		51,781	17,633
Other receivables			
Counterparties without external credit ratings			
- Receivable from related parties		591,445	212,835
- Receivable from Government of Pakistan (GoP)		4,280,159	-
Short term investments			
Counterparties with external credit ratings	AAA	300,000	1,271,544
	AA+	500,000	1,444,100
	AA	2,600,000	2,520,835
	AA-	-	1,248,095
	A+	1,107,748	2,183,079
	A	-	163,149
	A-	100,000	399,315
		4,607,748	9,230,117
Bank balances			
Counterparties with external credit ratings	AAA	4,691,914	638,813
	AA+	2,425,760	946,390
	AA	1,493,354	1,007,152
	AA-	2,184,168	927,847
	A+	1,317,346	500,670
	A	100,187	903,249
	A-	213,906	550,080
	A3	8	47
		12,426,643	5,474,248

Impairment losses

As at the reporting date trade receivables of Rs. Nil (2014: Rs Nil) were over-due. Based on past experience, the management believes that no impairment allowance is necessary in respect of trade debts.

The Group has recorded an impairment loss of Rs. 3,000 thousand (2014 : Rs. 3,000 thousand) in respect of its investment in available-for-sale investments.

36.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation. The management uses different methods which assist it in monitoring cash flow requirements and optimizing the return on investments. Typically the Group 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 Group 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:

2015	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)			
Long term loans including mark-up	13,810,446	13,810,446	100,562	625,000	4,968,215	8,116,669	-
Deferred Government assistance	1,296,401	1,296,401	1,296,401	-	-	-	-
Trade and other payables	12,642,648	12,642,648	12,642,648	-	-	-	-
Short term borrowings including mark-up	25,658,883	25,658,883	25,658,883	-	-	-	-
	53,408,378	53,408,378	39,698,494	625,000	4,968,215	8,116,669	-

2014	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)			
Long term loan including mark-up	10,147,168	10,147,168	-	-	1,547,592	8,599,576	-
Deferred government assistance	1,944,600	1,944,600	1,944,600	-	-	-	-
Trade and other payables	12,175,121	12,175,121	12,175,121	-	-	-	-
Short term borrowings including mark-up	3,173,382	3,173,382	3,173,382	-	-	-	-
	27,440,271	27,440,271	17,293,103	-	1,547,592	8,599,576	-

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

36.3.1 The contractual cash flow relating to short term borrowings have been determined on the basis of expected mark-up rates. The mark-up rates have been disclosed in note 12 to these financial statements.

36.4 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 Group incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Group is exposed to currency and interest rate risk only.

36.4.1 Currency risk

Exposure to currency risk

The Group is exposed to currency risk on certain liabilities and bank balances which are denominated in currency other than the functional currency of the Group. The Group's exposure to foreign currency risk is as follows:

	2015		2014	
	Rupees '000	US Dollar '000	Rupees '000	US Dollar '000
Bank balances	2,036	19	1,955	19
Creditors	(5,844,459)	(55,821)	(5,672,230)	(56,384)
Net exposure	(5,842,423)	(55,802)	(5,670,275)	(56,365)

The following significant exchange rate applied during the year:

	Average rates		Balance sheet date rate (Bid-Offer average)	
	2015	2014	2015	2014
US Dollars	102.94	101.09	104.70	100.60

Sensitivity analysis

A 10% strengthening of the functional currency against USD at 31 December would have increased profit and loss by Rs. 584,242 thousand (2014 : Rs. 567,028 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.

36.4.2 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 term borrowings from banks and short term deposits with banks. At the balance sheet date the interest rate risk profile of the Group's interest bearing financial instruments is as follows:

	Carrying Amount	
	2015	2014
	(Rupees '000)	
Fixed rate instruments		
Financial assets	4,607,748	1,430,000
Financial liabilities	13,700,000	1,750,000
Variable rate instruments		
Financial assets	11,660,626	5,101,923
Financial liabilities	24,711,060	11,337,407

Fair value sensitivity analysis for fixed rate instruments

The Group is not exposed to interest rate risk on its fixed rate instruments.

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 2014.

	Profit or loss	
	100 basis points increase	100 basis points decrease
	(Rupees '000)	
December 31, 2015		
Cash flow sensitivity - Variable rate instruments	128,499	128,499
	128,499	128,499
December 31, 2014		
Cash flow sensitivity - Variable rate instruments	56,618	56,618
	56,618	56,618

Market price risk

For investments at fair value through profit or loss, a 1 % increase / (decrease) in market price at reporting date would have increased / (decreased) profit for the year by Rs. Nil (2014: 78,001).

36.5 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, 2015 Carrying amount	December 31, 2015 Fair value	December 31, 2014 Carrying amount	December 31, 2014 Fair value
		(Rupees '000)			
Assets carried at amortized cost					
Trade debts	18	1,024,702	1,024,702	1,468,373	1,468,373
Deposits		174,932	174,932	85,820	85,820
Advances	19	802,555	802,555	892,782	892,782
Interest accrued		51,781	51,781	17,633	17,633
Other receivables	21	4,871,604	4,871,604	212,835	212,835
Short term investments	23	4,607,748	4,607,748	1,430,000	1,430,000
Cash and bank balances	24	12,426,643	12,426,643	5,474,248	5,474,248
		23,959,965	23,959,965	9,581,691	9,581,691
Assets carried at fair value					
Short term investments -Investments at fair value through profit or loss	23	-	-	7,800,117	7,800,117
Liabilities carried at amortized cost					
Long term loan including mark-up	7	13,810,446	13,810,446	10,147,168	10,147,168
Trade and other payables	10	12,642,648	12,642,648	12,175,121	12,175,121
Short term borrowings including mark-up	12	25,658,883	25,658,883	3,173,382	3,173,382
		52,111,977	52,111,977	25,495,671	25,495,671

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 7% (2014: 7%).

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 (Rupees '000)	Level 3
December 31, 2015			
Assets carried at fair value			
Short term investments - investment in mutual funds	-	-	-
December 31, 2014			
Assets carried at fair value			
Short term investments - investment in mutual funds	7,800,117	-	-

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

36.6 Determination of fair values

A number of the Group'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 investments is determined by reference to their quoted closing repurchase price at the reporting date.

Investment in associate

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

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. The 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. The fair value is determined for disclosure purposes.

36.7 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 Group 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 Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2015

37. RELATED PARTY TRANSACTIONS

Fauji Fertilizer Company Limited (FFCL) has 49.88 % share holding in FFBL (2014: 49.88%). While Fauji Foundation (FF) holds 18.29 % shares (2014: 18.29 %) in the Company. 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 year end are given below. The carrying value of investment in associates and joint venture are disclosed in note 15 to the financial statements.

	2015	2014
	(Rupees '000)	
Transactions with associated undertakings due to common directorship		
Services and material acquired	994,639	925,567
Services and material provided	1,864	7,550
Collections	59,457,247	59,182,502
Commission charged to the Company	20,761	18,442
Dividend paid - net	1,910,203	2,546,937
Rent charged to the Company	1,446	1,339
Balance receivable at the year end - unsecured (FFCL)	536,643	173,420
Investment in FWE - I & FWE - II	113,218	369,503
Profit on Bank Balances (AKBL)	54,066	59,725
Balance at Bank (AKBL)	2,781,921	467,003
Investment in Askari Bank Limited (AKBL)	-	1
Transactions with joint venture		
Purchase of raw materials	30,006,483	24,697,427
Expenses incurred on behalf of joint venture company	16,886	20,008
Balance payable at the year end - secured (included in note 10)	5,762,811	5,745,925
Balance receivable at the year end - unsecured (included in note 21)	35,503	37,526
Other related parties		
Contribution to provident fund	59,142	54,301
Payment to gratuity fund	47,570	95,228
Payment to Workers' (Profit) Participation Fund & Workers' Welfare Fund	450,832	339,807
Balance payable at the year end (WPPF + WWF) - unsecured	1,134,392	1,096,074
Payable to gratuity fund	284,566	198,228
Remuneration of key management personnel	20,052	22,279

In addition to above:

- Ranking charge amounting to US$ 91,456,667 and Rs. 4,000 million (2014: US$ 91,456,667 and Rs. 4,000 million) has been registered on assets of FFBL in respect of project financing arranged by Foundation Wind Energy - I Limited (FWE - I).

- Ranking charge amounting to US$ 89,146,667 and Rs. 4,000 million (2014: US$ 89,146,667 and Rs. 4,000 million) has been registered on assets of FFBL in respect of project financing arranged by Foundation Wind Energy - II (Pvt) Limited (FWE - II).

38. INFORMATION ABOUT REPORTABLE SEGMENTS

Information related to each reportable segment is set below. Segment profit / (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segment relative to other entities that operate in same industries.

	2015 (Rupees '000)				
	Fertilizer	Power	Meat	Food	Total
Segment revenues	52,182,072	-	-	-	52,182,072
Segment profit / (loss) before tax	5,383,882	(2,458)	(14,478)	(9,275)	5,357,671
Other income	5,683,100	16,258	15,892	4,210	5,719,460
Finance cost	1,867,774	3,449	529	4	1,871,756
Depreciation	1,398,223	5,106	4,879	86	1,408,294
Share of profit of equity					
- accounted investees	1,926,046	-	-	-	1,926,046
Segment assets (total)	59,407,356	14,710,276	6,914,051	276,719	81,308,402
Equity accounted investees	17,894,621	-	-	-	17,894,621
Capital expenditure	1,330,544	10,752,348	3,976,715	311	16,059,918
Segment liabilities (total)	45,126,340	7,482,097	3,917,109	11,986	56,537,532
Long term loans	9,375,000	-	3,700,000	-	13,075,000
Short term borrowings	17,987,560	7,348,500	-	-	25,336,060

	2014 (Rupees '000)				
	Fertilizer	Power	Meat	Food	Total
Segment revenues	49,445,256	-	-	-	49,445,256
Segment profit / (loss) before tax	5,780,254	(21,042)	16,767	(4,390)	5,771,589
Other income	1,062,774	28	30,694	2,581	1,096,077
Finance cost	1,312,943	-	11	1	1,312,955
Depreciation	1,381,801	1,176	828	47	1,383,852
Share of profit of equity					
- accounted investees	745,292	-	-	-	745,292
Segment assets (total)	46,248,831	1,335,292	1,513,916	274,183	49,372,222
Equity accounted investees	12,130,788	-	-	-	12,130,788
Capital expenditure	530,995	9,997	30,792	270,633	842,417
Segment liabilities (total)	33,177,194	230	1,501,497	284,372	34,963,293
Long term loans	10,000,000	-	-	-	10,000,000
Short term borrowings	3,087,408	-	-	-	3,087,408

Notes to the Consolidated Financial Statements
for the year ended December 31, 2015

38.1 Reconciliation of information on reportable segments to applicable financial reporting standards

	2015	2014
	(Rupees '000)	
Revenue for reportable segments	52,182,072	49,445,256
Consolidated Revenue	52,182,072	49,445,256
Profit before tax for reportable segments	5,357,671	5,771,589
Consolidated profit before tax from continuing operations	5,357,671	5,771,589
Total assets for reporting segments	81,308,402	49,372,222
Consolidated total assets for reporting segments	81,308,402	49,372,222
Total liabilities for reporting segments	56,537,532	34,963,293
Consolidated total liabilities for reporting segments	56,537,532	34,963,293

		2015 (Rupees '000)	
Other material items	Reportable Segments Total	Adjustments	Consolidated Total
Other income	5,719,460	-	5,719,460
Finance cost	1,871,756	-	1,871,756
Capital expenditure	16,059,918	-	16,059,918
Depreciation	1,408,294	-	1,408,294

		2014 (Rupees '000)	
Other material items	Reportable Segments Total	Adjustments	Consolidated Total
Other income	1,096,077	-	1,096,077
Finance cost	1,312,955	-	1,312,955
Capital expenditure	842,417	-	842,417
Depreciation	1,383,852	-	1,383,852

38.2 There was no major customers of the Group which formed part of 10 percent or more of the Group's revenue.

39. EMPLOYEES PROVIDENT FUND TRUST

Fauji Fertilizer Bin Qasim Limited - Provident Fund is a contribution plan for the benefit of permanent employees. The detail based on unaudited financial statements of the Fund are as follows:

	2015	2014
	(Rupees '000)	
Size of the Fund	1,274,660	1,147,695
Cost of investments made	1,166,665	995,323
Fair value of investments	1,224,016	1,093,914
Percentage of investments made	96.03%	95.31%

Say No To Corruption

39.1 Breakup of investments is as follows:

	2015		2014	
	(Rupees 000)	(%)	(Rupees 000)	(%)
Shares	309,773	26.55	218,787	21.98
Mutual funds	178,242	15.28	212,367	21.34
Bank deposits	678,650	58.17	564,169	56.68
	1,166,665	100.00	995,323	100.00

All the investments out of provident fund trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

40. GENERAL

	2015	2014
	(Tonnes)	
40.1 Production capacity		
Design capacity		
Urea	551,100	551,100
DAP	650,000	650,000
Actual production		
Urea	301,873	213,163
DAP	768,004	701,841

The shortfall in production of Urea was mainly due to non-availability of gas during the year.

40.2 Number of persons employed	(Numbers)	
Employees on year end	1,622	1,433
Average employees during the year	1,503	1,274

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

40.4 Corresponding figures have been re-arranged / restated, wherever necessary, for the purpose of comparison.

40.5 The Board of Directors in their meeting held on January 26, 2016 have proposed a final dividend of Rs. 3.05 per ordinary share.

40.6 These consolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on January 26 , 2016.

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

Pattern of Shareholding

as at December 31, 2015

Pattern of shareholding	Number of shares
1. Associated Companies, Undertaking and Related Parties	
Fauji Fertilizer Company Ltd	465,891,896
Fauji Foundation	170,842,386
No other associated undertaking held any investment in FFBL except as mentioned above	
2. NIT and ICP	
National Bank of Pakistan Trustee Dept.	1,059
IDBL (ICP UNIT)	500
CDC - Trustee National Investment (UNIT) Trust	680,935
CDC - Trustee NIT-Equity Market Opportunity Fund	1,386,689
3. Directors, CEO and their spouses and minor children	4,509
4. Company Executives	54,553
5. Public Sector Companies and Corporations	NIL
6. Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds	93,448,133
7. Shareholders holding ten percent or more voting interest	
Fauji Fertilizer Company Ltd	465,891,896
Fauji Foundation	170,842,386

Say No To Corruption

Pattern of Shareholding

as at December 31, 2015

Number of Shareholders	Shareholdings From		Shareholdings To	Number of Shares Held
954	1	-	100	47,875
3876	101	-	500	1,767,781
2718	501	-	1,000	2,278,644
3999	1,001	-	5,000	11,349,257
1305	5,001	-	10,000	10,501,470
555	10,001	-	15,000	7,177,464
349	15,001	-	20,000	6,405,609
238	20,001	-	25,000	5,604,049
169	25,001	-	30,000	4,826,059
100	30,001	-	35,000	3,310,727
103	35,001	-	40,000	3,988,839
56	40,001	-	45,000	2,424,540
117	45,001	-	50,000	5,750,969
42	50,001	-	55,000	2,213,722
38	55,001	-	60,000	2,237,478
38	60,001	-	65,000	2,415,245
29	65,001	-	70,000	1,972,426
23	70,001	-	75,000	1,715,108
23	75,001	-	80,000	1,810,713
13	80,001	-	85,000	1,067,973
15	85,001	-	90,000	1,329,808
11	90,001	-	95,000	1,020,391
67	95,001	-	100,000	6,667,023
14	100,001	-	105,000	1,442,880
15	105,001	-	110,000	1,622,324
8	110,001	-	115,000	908,080
8	115,001	-	120,000	956,500
7	120,001	-	125,000	867,000
11	125,001	-	130,000	1,414,291
6	130,001	-	135,000	798,794
1	135,001	-	140,000	140,000
5	140,001	-	145,000	719,000
23	145,001	-	150,000	3,428,734
6	150,001	-	155,000	921,821
1	155,001	-	160,000	160,000
7	160,001	-	165,000	1,149,250
4	165,001	-	170,000	675,000
5	170,001	-	175,000	856,748
4	175,001	-	180,000	712,520
4	180,001	-	185,000	732,900
4	185,001	-	190,000	750,108
2	190,001	-	195,000	384,152
20	195,001	-	200,000	3,999,000
4	200,001	-	205,000	813,000
1	205,001	-	210,000	210,000

Pattern of Shareholding

as at December 31, 2015

Number of Shareholders	Shareholdings From		Shareholdings To	Number of Shares Held
4	210,001	-	215,000	855,225
4	215,001	-	220,000	876,000
2	220,001	-	225,000	443,000
1	225,001	-	230,000	227,500
1	235,001	-	240,000	237,000
4	240,001	-	245,000	966,000
8	245,001	-	250,000	1,997,500
1	250,001	-	255,000	252,262
6	255,001	-	260,000	1,537,458
2	260,001	-	265,000	527,500
2	265,001	-	270,000	536,615
2	270,001	-	275,000	548,500
1	280,001	-	285,000	285,000
3	295,001	-	300,000	900,000
1	305,001	-	310,000	310,000
3	310,001	-	315,000	939,500
2	320,001	-	325,000	648,600
2	330,001	-	335,000	661,161
5	335,001	-	340,000	1,691,804
1	340,001	-	345,000	344,000
3	345,001	-	350,000	1,044,000
3	350,001	-	355,000	1,061,000
1	355,001	-	360,000	360,000
4	360,001	-	365,000	1,448,520
1	365,001	-	370,000	367,200
1	375,001	-	380,000	380,000
2	380,001	-	385,000	765,500
1	385,001	-	390,000	386,500
6	395,001	-	400,000	2,397,120
1	400,001	-	405,000	404,000
2	410,001	-	415,000	823,000
2	425,001	-	430,000	857,038
1	440,001	-	445,000	445,000
1	445,001	-	450,000	450,000
1	460,001	-	465,000	460,360
1	465,001	-	470,000	470,000
1	470,001	-	475,000	473,500
2	475,001	-	480,000	955,050
6	495,001	-	500,000	2,996,011
1	510,001	-	515,000	514,500
1	550,001	-	555,000	554,500
2	555,001	-	560,000	1,116,500
2	595,001	-	600,000	1,200,000
1	610,001	-	615,000	613,500
1	615,001	-	620,000	617,500

Pattern of Shareholding

as at December 31, 2015

Number of Shareholders	Shareholdings From		Shareholdings To	Number of Shares Held
1	680,001	-	685,000	680,935
1	705,001	-	710,000	706,500
2	720,001	-	725,000	1,448,000
1	765,001	-	770,000	770,000
1	780,001	-	785,000	781,800
2	795,001	-	800,000	1,600,000
1	810,001	-	815,000	811,419
1	840,001	-	845,000	841,000
1	895,001	-	900,000	899,000
1	920,001	-	925,000	925,000
3	995,001	-	1,000,000	3,000,000
2	1,000,001	-	1,005,000	2,002,500
1	1,005,001	-	1,010,000	1,010,000
1	1,050,001	-	1,055,000	1,052,500
1	1,065,001	-	1,070,000	1,067,500
1	1,190,001	-	1,195,000	1,190,503
1	1,210,001	-	1,215,000	1,210,635
1	1,385,001	-	1,390,000	1,386,689
1	1,395,001	-	1,400,000	1,400,000
1	1,495,001	-	1,500,000	1,500,000
1	1,550,001	-	1,555,000	1,552,000
1	1,555,001	-	1,560,000	1,557,000
1	1,645,001	-	1,650,000	1,650,000
1	1,710,001	-	1,715,000	1,712,200
1	1,720,001	-	1,725,000	1,725,000
1	1,755,001	-	1,760,000	1,760,000
1	1,765,001	-	1,770,000	1,769,474
1	2,045,001	-	2,050,000	2,045,500
1	2,120,001	-	2,125,000	2,125,000
1	2,315,001	-	2,320,000	2,318,000
2	2,895,001	-	2,900,000	5,794,078
1	3,015,001	-	3,020,000	3,018,000
1	3,265,001	-	3,270,000	3,266,000
1	3,375,001	-	3,380,000	3,378,527
1	4,600,001	-	4,605,000	4,604,500
1	5,215,001	-	5,220,000	5,218,000
1	5,440,001	-	5,445,000	5,444,275
1	5,470,001	-	5,475,000	5,473,500
1	7,205,001	-	7,210,000	7,208,000
1	7,280,001	-	7,285,000	7,283,487
1	9,340,001	-	9,345,000	9,341,100
1	9,995,001	-	10,000,000	10,000,000
1	46,695,000	-	46,700,000	46,699,000
1	161,500,001	-	161,505,000	161,501,286
1	465,890,001	-	465,895,000	465,891,896
15152				**934,110,000**

Category wise Shareholding

as at December 31, 2015

Sr No	Category	No of Shareholders	No of Shares	%age
1	individuals	14,777	147,736,746	15.82
2	Charitable Trusts	30	181,364,037	19.42
3	Cooperative Societies	3	23,304	0.00
4	Financial Institutions	26	71,738,943	7.68
5	Insurance Companies	13	8,394,689	0.90
6	Investment Companies	8	350,106	0.04
7	Joint Stock Companies	145	477,289,820	51.10
8	Modarabas	7	538,000	0.06
9	Mutual Fund	37	12,426,395	1.33
10	Non-residents	46	18,867,407	2.02
11	Others	60	15,380,553	1.65
	Total:	**15,152**	**934,110,000**	**100.00**

Financial Calendar

The Company follows the period of January 01 to December 31 as the financial year.

Financial results will be announced as per the following tentative schedule:

Annual General Meeting	March 08, 2016
First Quarter ending March 31, 2016	Last week of April 2016
Second Quarter ending June 30, 2016	Last week of July 2016
Third Quarter ending September 30, 2016	Last week of October 2016
Year ending December 31, 2016	Last week of January 2017

Form of Proxy

22nd 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 22nd Annual General Meeting of the Company to be held on 08 Mar 2016 and / or any adjournment thereof.

In witness thereof I/We have signed and set my / our hands seal thereon this day of ______________ 2016 in the presence of ______________

Folio	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 CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
   ii. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
   iii. 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.

AFFIX
CORRECT
POSTAGE

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

Glossary

Assets

Asset is a resource controlled by an enterprise as a result of past events, from which future economic benefits are expected to flow to the enterprise.

Associate Company

Associate company is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.

Borrowing Costs

Borrowing costs are interest and other costs incurred by an enterprise in connection with the borrowing funds.

Cash Equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Flows

Cash flows are inflows and outflows of cash and cash equivalents.

Consolidated Financial Statements

These include financial statements of FFBL and its subsidiaries i.e Fauji Meat Limited, Fauji Foods Limited and FFBL Power Company Limited as per IFRS 10.

Depreciation

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial Instruments

Financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Financing Activities

Financing activities are activities that result in changes in the size and composition of the equity capital and borrowings of the enterprise.

Intangible Asset

Intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.

Investing Activities

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Liability

A liability is a present obligation of the enterprise arising from past events, the settlement of which is expected to result in an outflow from the enterprise of resources embodying economic benefits.

Non-Controlling Interest

Equity in a subsidiary not attributable, directly or indirectly, to a parent.

Operating Activities

Operating activities are the principal revenue producing activities of the enterprise and other activities that are not investing or financing activities.

Parent Company

A parent is an enterprise that has one or more subsidiaries.

Related Party

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence or the other party in making financial and operating decisions.

Residual Value

Residual value is the net amount which the enterprise expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

Revenue

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an enterprise.

Subsidiary Company

A subsidiary is an enterprise that is controlled by another enterprise (known as the parent).

Abbreviations

Askari Bank Limited	AKBL
Code of Corporate Governance	CCG
Corporate Social Responsibility	CSR
Di-Ammonia Phosphate	DAP
Earnings per Share	EPS
Environmental Protection Agency	EPA
Fauji Food Limited	FFL
Fauji Meat Limited	FML
FFBL Power Company Limited	FPCL
Fauji Fertilizer Company Limited	FFCL
Gas Infrastructure Development Cess	GIDC
General Sales Tax	GST
Government of Pakistan	GOP
Human Development Foundation	HDF
Institute of Chartered Accountants of Pakistan	ICAP
Institute of Cost and Management Accountants of Pakistan	ICMAP
International Organization for Standardization	ISO
Key Performance Indicator	KPI
Memorandum of Understanding	MOU
Million Standard Cubic Foot	MSCF
National Environment Quality Standards	NEQS
Non-Controlling Interest	NCI
Non Governmental Organization	NGO
Noon Pakistan Limited	NPL
Occupational Health & Safety Advisory Services	OHSAS
Pakistan Institute of Corporate Governance	PICG
Pakistan Maroc Phosphore	PMP
Pakistan Stock Exchange	PSX
Return on Assets	ROA
Return on Equity	ROE
Sindh Environmental Protection Agency	SEPA
State Bank of Pakistan	SBP
Sui Southern Gas Company Limited	SSGCL
Securities and Exchange Comission of Pakistan	SECP

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