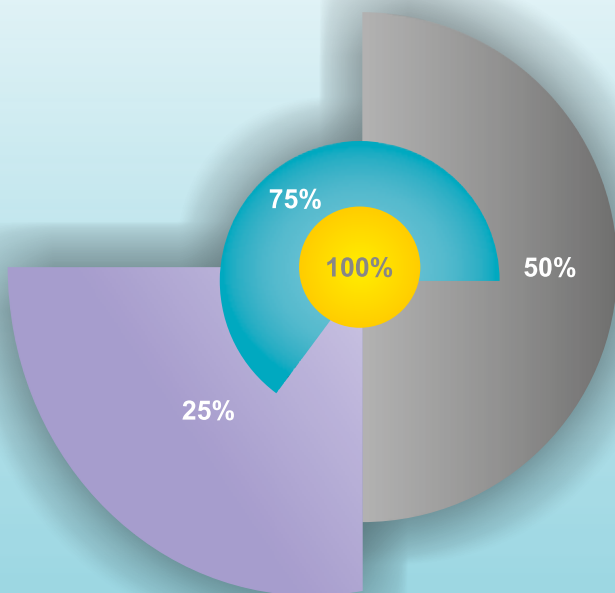


First Quarter **Accounts** **2017**



FFBL
Fauji Fertilizer Bin Qasim Limited

Company Information

DIRECTORS

- Lt Gen Khalid Nawaz Khan, HI(M), Sitara-i-Esar, (Retd)
Chairman
- Lt Gen Javed Iqbal, HI(M), (Retd)
Chief Executive & Managing Director
- Lt Gen Shafqaat Ahmed, HI(M), (Retd)
- Mr Qaiser Javed
- Dr. Nadeem Inayat
- Maj Gen Muhammad Farooq Iqbal, HI(M) (Retd)
- Maj Gen Kaleem Saber Taseer, HI(M) (Retd)
- Maj Gen Tahir Ashraf Khan, HI(M) (Retd)
- Brig Raja Jahanzeb, SI(M), (Retd)
- Mr Naved A. Khan
- Mr Nasier A. Sheikh
- Dr. Rashid Bajwa

COMPANY SECRETARY

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

GROUP GENERAL MANAGER FINANCE

Syed Aamir Ahsan

REGISTERED OFFICE

FFBL Tower, C1 / C2, Sector B, Jinnah Boulevard,
Phase II, DHA Islamabad.
Tel: +92 51 8763325, Fax: +92 51 8763304-05
E-mail: secretary@ffbl.com

PLANTSITE

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

WEB PRESENCE

www.ffbl.com

BANKERS

| | |
|--|-------------------------------------|
| Habib Bank Limited | Soneri Bank Limited |
| MCB Bank Limited | Summit Bank Limited |
| United Bank Limited | JS Bank Limited |
| National Bank of Pakistan | Samba Bank Limited |
| Allied Bank Limited | Zarari Taraqiari Bank Limited |
| Askari Bank Limited | Industrial Bank of China |
| Faysal Bank Limited | The Bank of Khyber |
| Standard Chartered Bank (Pakistan) Limited | Al-Baraka Bank (Pakistan) Limited |
| Habib Metropolitan Bank Limited | Dubai Islamic Bank Pakistan Limited |
| Bank Al-Falah Limited | Bank Islami Pakistan Limited |
| Bank Al-Habib Limited | Meezan Bank Limited |
| NIB Bank Limited | MCB Islamic Bank Limited |
| Silk Bank Limited | |
| The Bank of Punjab | |

LEGAL ADVISORS

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

AUDITORS

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

SHARES REGISTRAR

M/s Corplink (Pvt) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore.
Tel: (042) 35839182, 35887262
Fax: (042) 35869037

Directors' Review

For the Quarter Ended March 31, 2017

The Board of Directors is pleased to present a brief overview of the operational and financial performance of the Company for the first quarter ended March 31, 2017.

By the grace of Almighty, the overall performance of the plants remained satisfactory during the period. Supply of gas to the Company was below the agreed quantity that affected plant operations and produced quantity hitherto. Production of Ammonia at 72 thousand tonnes and Urea at 61 thousand tonnes was lower by 19% and 34% respectively whereas DAP production increased by a meagre 1% at 164 thousand tonnes compared with the corresponding period.

FFBL Urea (G) sales during Jan-Mar 2017 were 37.60 Kt, showing increase of 7% as compared to 35.15 Kt sales of corresponding period of 2016. Sona DAP sales during the period were 173.30 Kt, 145% higher than 70.83 Kt sales of Jan-Mar 2016.

Urea market remained depressed during the first quarter of the year. Heavy quantities of the product offloaded by industry players at the end of last year remained in trade during the quarter. Urea was freely available in the domestic market at Rs 150/bag less than the retail prices (Rs 1,400/bag) announced in Finance Act 2016/17. Estimated industry sales during Jan-Mar 2017 are 870 Kt, 12% higher than last year but 33% less than the average first quarter off take during 2011-15.

Demand in the domestic DAP market has been upbeat in 2017. Sales are estimated to improve by 31% from last year due to continuation of subsidy regime and rising international prices. Domestic prices are not rising in line with international prices due to price caps enforced by GOP during the quarter.

During Jan-Mar 2017 FFBL share in Urea and DAP market is estimated to be 4.3% and 55% respectively.

FFBL's financial results for the first quarter 2017 show a gross loss of Rs. 254 million as compared to loss of Rs. 697 million in corresponding period. The main reasons include classification of DAP subsidy of Rs. 1.04 billion in other income and lower selling prices, despite higher sales volume during the quarter. Feed and fuel gas prices remain high contributing to higher cost of production, which could not be passed on to the customers due to capping of fertilizer prices by GoP.

Other income mainly includes dividend of Rs. 408 million from Askari Bank Limited and GoP subsidy of Rs. 1.04 billion on DAP sales. Net loss after tax, as a result of the above factors stood at Rs 135 million against loss of Rs. 514 million in the corresponding period. Company's (loss) / earnings per share at March 31, 2017 stood at Rs. (0.14) against Rs. (0.55) in the

corresponding period due to better sales numbers.

Contemplating reduced supply of gas and profit margins in its primary business of fertilizer, the Company envisaged a need for finding new avenues for consistent return of income for its shareholders. Consequently, various projects were initiated which are now visible on ground and some are providing good returns to the Company. FFBL considers these projects as strategic investments for its growth and making all out efforts for their success in the times to come.

The overall PMP plant performance remained satisfactory for the quarter ended. PMP produced 90 thousand tonnes of P_2O_5 during the period and sold 109 thousand tonnes. PMP reported a net profit of MAD 123 million for the year ended December 31, 2016.

Decrease in available gas has affected production numbers during the quarter. FFBL is in close coordination with Ministry of Petroleum and SSGCL for continuous and improved supply of gas in future. We are optimistic that going forward we will InshaAllah have better gas supply, better production and sales numbers and better results for our valued stakeholders.

For and on behalf of the Board



Islamabad
April 24, 2017

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

ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائریکٹرز کو 31 مارچ 2017 کو ختم ہونے والی پہلی سہ ماہی کیلئے کمپنی کا پیداواری اور مالیاتی تجزیہ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔ اللہ کے فضل و کرم سے اس عرصے کے دوران پلانٹس کی کارکردگی تسلی بخش رہی۔ کمپنی کو طے شدہ گیس کی فراہمی کم رہی جس سے پلانٹ کی کارکردگی اور پیداواری مقدار متاثر ہوئی۔ امونیائی پیداوار 72 ہزار ٹن اور یوریا کی پیداوار 61 ہزار ٹن رہی جو کہ مقابلۂ پچھلے سال کے اسی عرصے سے بالترتیب 19% اور 34% کم تھی اور DAP کی پیداوار معمولی اضافہ کے ساتھ جو کہ 1% تھا 164 ہزار ٹن رہی۔

ایف ایف بی ایل گرینولر یوریا کی فروخت، جنوری تا مارچ 2017 کے دوران 37.60 ہزار ٹن تھی جو کہ 2016 میں 35.15 ہزار ٹن کے مقابلے میں 7% زیادہ تھی۔

سونام DAP کی فروخت اس عرصے کے دوران 173.30 ہزار ٹن رہی جو کہ 2016 کی جنوری تا مارچ کی فروخت 70.83 ہزار ٹن کے مقابلے میں 145% زیادہ تھی۔

یوریا مارکیٹ میں سال کی پہلی سہ ماہی میں مندی رہی۔ گزشتہ سال کے آخر میں صنعت کاروں کی بھاری مقدار میں ذخیرہ کی گئی یوریا اس سہ ماہی کے دوران فروخت ہوتی رہی۔ یوریا مقامی مارکیٹ میں اپنی ریٹل قیمت (1,400 روپے فی بیگ)، جو کہ فنانس ایکٹ 2016/17 میں مقرر کی گئی تھی، سے 150 روپے فی بیگ کم میں آسانی سے دستیاب تھی۔ یوریا کی صنعتی فروخت جنوری تا مارچ 2017 کے دوران تقریباً 870 ہزار ٹن رہی جو کہ پچھلے سال کے مقابلے میں 12% زیادہ ہے لیکن 2011 تا 2015 کے دوران پہلی سہ ماہی کی اوسط فروخت سے 33% کم ہے۔

2017 میں مقامی مارکیٹ میں DAP کی مانگ میں اضافہ رہا۔ سبسیڈی کے تسلسل اور بین الاقوامی قیمتوں میں اضافے کی وجہ سے فروخت میں پچھلے سال کے مقابلے میں 31% اضافے کی توقع ہے۔ گورنمنٹ کی جانب سے قیمتوں کی حد مقرر کرنے کی وجہ سے مقامی قیمتوں میں بین الاقوامی قیمتوں کی طرح اضافہ نہیں ہو رہا۔ جنوری تا مارچ 2017 کے دوران یوریا اور DAP مارکیٹ میں FFBL کا حصہ بالترتیب 4.3% اور 55% متوقع ہے۔

FFBL کے مالیاتی نتائج برائے پہلی سہ ماہی 2017 کا مجموعی نقصان گزشتہ عرصے کے 697 ملین روپے نقصان کے مقابلے میں 254 ملین روپے ظاہر کرتے ہے۔ اسکی بنیادی وجہ 1.04 بلین روپے کی DAP سبسائیڈ کی دوسرے ذرائع آمدن میں درجہ بندی اور سہ ماہی کے دوران بھاری فروخت کے باوجود کم قیمت فروخت ہے۔ فیڈ اور فیول گیس کی زیادہ قیمتیں پیداواری لاگت کے بڑھنے کا سبب بنیں جو کہ گورنمنٹ کی جانب سے قیمتوں کی حد مقرر کرنے کی وجہ سے کسٹمرز کو منتقل نہ ہو سکیں۔

دوسرے ذرائع آمدن میں عسکری بینک سے 408 ملین روپے ڈیویڈنڈ اور DAP کی فروخت پر حکومت سے 1.04 بلین روپے سبسائیڈ کی صورت میں موصول ہوئے۔ درج بالا وجہ کی بناء پر ٹیکس کے بعد خالص نقصان، گزشتہ عرصے کے نقصان 514 ملین روپے کے مقابلے میں 135 ملین روپے رہا۔ کمپنی کا نقصان فی حصص 31 مارچ 2017 کو گزشتہ عرصے کے 0.55 روپے کے مقابلے میں بوجہ بہتر فروخت 0.14 روپے رہا۔ گیس فراہمی اور کھاد کے بنیادی کاروبار میں شرح نفع میں کمی کی وجہ سے کمپنی نے اپنے شراکت داروں کے نفع میں تسلسل کیلئے نئے راستے تلاش کرنے کی ضرورت محسوس کی ہے۔ چنانچہ اسکے نتیجے میں نئے منصوبوں کا آغاز کیا گیا جو کہ تکمیل کے مراحل میں ہیں اور ان میں سے کچھ کمپنی کو اچھا نفع دے رہے ہیں۔ FFBL اپنی نشوونما کیلئے ان منصوبوں کو اپنے لئے دفاعی سرمایہ کاری سمجھتی ہے اور آنے والے وقتوں میں ان کی کامیابی کیلئے تمام کوششیں بروئے کار لائی جا رہی ہیں۔

ختم ہونے والی سہ ماہی کے دوران PMP پلانٹ کی مجموعی کارکردگی تسلی بخش رہی۔ اس عرصے کے دوران PMP نے P_2O_5 کی 90 ہزار پیداوار دی اور 109 ہزار ٹن فروخت کئے۔ PMP نے 31 دسمبر 2016 کو ختم ہونے والے سال کیلئے 123 ملین مراکن درہم خالص نفع دیا ہے۔

گیس کی کم دستیابی سے سہ ماہی کے دوران پیداوار متاثر ہوئی۔ FFBL وزارت پٹرولیم اور SSGCL سے مستقبل میں بہتر اور تسلسل سے گیس کی فراہمی کیلئے رابطے میں ہے۔ ہم اللہ کے فضل سے گیس کی بہتر فراہمی، بہتر پیداوار و فروخت اور اپنے محترم شراکت داروں کیلئے بہتر نتائج کیلئے پرامید ہیں۔

بورڈ کی جانب سے

اسلام آباد
24 اپریل 2017

لیفٹیننٹ جنرل خالد نواز خان
ہلال امتیاز (ملٹری)، ہستارہ عاثر (ریٹائرڈ)
چیرمین

Condensed Interim Financial Information



CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2017

| | Un - audited March 31, 2017 | Audited December 31, 2016 |
|------|-----------------------------------|---------------------------------|
| Note | (Rupees '000) | |
| | 9,341,100 | 9,341,100 |
| | 228,350 | 228,350 |
| | 2,585,754 | 3,187,608 |
| | 12,155,204 | 12,757,058 |
| | | |
| 5 | 13,750,000 | 16,541,667 |
| 7 | 1,134,088 | 1,485,082 |
| | 14,884,088 | 18,026,749 |
| | | |
| | 14,005,433 | 13,380,007 |
| | 182,121 | 425,593 |
| | 9,884,945 | 15,723,561 |
| 5 | 4,833,333 | 2,833,333 |
| 6 | 648,200 | 648,200 |
| | 29,554,032 | 33,010,694 |
| | | |
| | 56,593,324 | 63,794,501 |

CONTINGENCIES AND COMMITMENTS

8

The annexed notes, from 1 to 20 form an integral part of this condensed interim financial information.

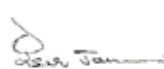
| | | Un - audited March 31, 2017 | Audited December 31, 2016 |
|---|----|-----------------------------------|---------------------------------|
| Note | | (Rupees '000) | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 11,205,730 | 11,298,191 |
| Long-term investments | 10 | 20,081,201 | 20,080,773 |
| Long-term deposits | | 78,643 | 78,643 |
| Long-term loans | 11 | 11,287 | 22,575 |
| | | 31,376,861 | 31,480,182 |
| CURRENT ASSETS | | | |
| Stores and spares | | 2,615,596 | 2,695,251 |
| Stock-in-trade | | 2,439,810 | 2,427,140 |
| Trade debts | | 1,047,671 | 3,523,559 |
| Advances | | 609,950 | 1,070,760 |
| Trade deposits and short-term prepayments | | 79,999 | 53,076 |
| Interest accrued | | 30,721 | 48,250 |
| Other receivables | 12 | 4,594,716 | 4,707,150 |
| Income tax refundable - net | | 881,758 | 881,519 |
| Sales tax refundable | | 987,395 | 1,112,797 |
| Current portion of long-term loans | 11 | 33,863 | 22,575 |
| Short-term investments | 13 | 6,530,761 | 9,949,067 |
| Cash and bank balances | | 5,364,223 | 5,823,175 |
| | | 25,216,463 | 32,314,319 |
| | | 56,593,324 | 63,794,501 |



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

| | | 2017 | 2016 |
|--|------|------------------|------------------|
| | Note | (Rupees '000) | |
| Sales - net | | 7,998,759 | 4,414,121 |
| Cost of sales | 14 | (8,252,630) | (5,110,654) |
| Gross loss | | (253,871) | (696,533) |
| Selling and distribution expenses | | (917,158) | (677,369) |
| Administrative expenses | | (384,464) | (347,618) |
| | | (1,555,493) | (1,721,520) |
| Finance costs | | (477,375) | (405,701) |
| Other operating expenses | | (10,184) | (902) |
| | | (2,043,052) | (2,128,123) |
| Other income | 15 | 1,745,412 | 1,253,022 |
| Loss before taxation | | (297,640) | (875,101) |
| Taxation - net | 16 | 162,842 | 361,380 |
| Loss after taxation | | (134,798) | (513,721) |
| Loss per share-basic and diluted (Rupees) | | (0.14) | (0.55) |

The annexed notes, from 1 to 20 form an integral part of this condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

| | 2017 | 2016 |
|----------------------------|---------------|-----------|
| | (Rupees '000) | |
| Loss after taxation | (134,798) | (513,721) |
| Other comprehensive income | - | - |
| Total comprehensive loss | (134,798) | (513,721) |

The annexed notes, from 1 to 20 form an integral part of this condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

| | | 2017 | 2016 |
|---|------|---------------|--------------|
| | Note | (Rupees '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from / (used in) operating activities | 17 | 4,010,541 | (3,479,980) |
| Income tax paid | | (202,409) | (561,352) |
| Payment to gratuity fund | | 1,812 | 1,949 |
| Finance costs paid | | (722,388) | (444,138) |
| Compensated absences paid | | (13,895) | (2,149) |
| Receipt from Workers' (Profit) Participation Fund | | 11,296 | 10,971 |
| Net cash generated from / (used in) operating activities | | 3,084,957 | (4,474,699) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment | | (303,635) | (305,246) |
| Long-term investments | | (427) | (1,263,226) |
| Sale proceeds of property, plant and equipment | | 1,900 | - |
| Dividend received | | 121,395 | - |
| Investment at fair value through profit and loss account | | (250,000) | - |
| Profit received on bank balances and term deposit receipts | | 127,105 | 100,057 |
| Net cash used in investing activities | | (303,662) | (1,468,415) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long-term financing | | (791,667) | - |
| Short-term borrowings - net | | (3,485,549) | (3,175,000) |
| Dividend paid | | (334,183) | (2,393,248) |
| Net cash used in financing activities | | (4,611,399) | (5,568,248) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | | |
| | | (1,830,104) | (11,511,362) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER | | | |
| | | 9,930,399 | 9,260,476 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER | | | |
| | | 8,100,295 | (2,250,886) |
| CASH AND CASH EQUIVALENTS | | | |
| Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts: | | | |
| - Cash and bank balances | | 5,364,223 | 4,187,128 |
| - Short-term highly liquid investments | | 3,710,281 | 2,007,748 |
| - Short-term running finance | | (974,209) | (8,445,762) |
| | | 8,100,295 | (2,250,886) |


The annexed notes, from 1 to 20 form an integral part of this condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

| | Share capital | Capital reserve | Accumulated profit | Total |
|---|------------------|--------------------|-----------------------|------------|
| | (Rupees '000) | | | |
| Balance as at January 01, 2016 | 9,341,100 | 228,350 | 4,711,566 | 14,281,016 |
| Total comprehensive income | | | | |
| Loss for the period after taxation | - | - | (513,721) | (513,721) |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive loss for the period | - | - | (513,721) | (513,721) |

Transactions with owners, recorded directly in equity

Distributions to owners

| | | | | |
|---|------------------|----------------|------------------|-------------------|
| Final dividend 2015 (Rs. 3.05 per ordinary share) | - | - | (2,849,043) | (2,849,043) |
| Total transactions with owners | - | - | (2,849,043) | (2,849,043) |
| Balance as at March 31, 2016 | 9,341,100 | 228,350 | 1,348,802 | 10,918,252 |

| | | | | |
|---|-----------|---------|-----------|------------|
| Balance as at January 01, 2017 | 9,341,100 | 228,350 | 3,187,608 | 12,757,058 |
| Total comprehensive income | | | | |
| Loss for the period after taxation | - | - | (134,798) | (134,798) |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | - | - | (134,798) | (134,798) |

Transactions with owners, recorded directly in equity

Distributions to owners

| | | | | |
|--|------------------|----------------|------------------|-------------------|
| Final dividend 2016 (Re. 0.5 per ordinary share) | - | - | (467,056) | (467,056) |
| Total transactions with owners | - | - | (467,056) | (467,056) |
| Balance as at March 31, 2017 | 9,341,100 | 228,350 | 2,585,754 | 12,155,204 |

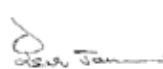
The annexed notes, from 1 to 20 form an integral part of this condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2017

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

This condensed interim financial information of the Company, for the quarter ended March 31, 2017, has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures in this condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended December 31, 2016. The comparative Balance Sheet is extracted from the annual financial statements, as of December 31, 2016, whereas the comparative Profit and Loss Account, Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity are extracted from the unaudited condensed interim financial information, for the quarter ended March 31, 2016.

This condensed interim financial information is unaudited and is being submitted to the members, as required under Section 245 of the Companies Ordinance, 1984, and the listing regulations of the Pakistan Stock Exchange. The consolidated interim financial information of the Company is prepared separately.

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

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are similar to those applied in the preparation of the financial statements for the preceding year, ended December 31, 2016.

4. Status of significant shareholdings as at March 31, 2017 is given below:

| | Shares | Percentage |
|----------------------------------|--|--|
| Fauji Fertilizer Company Limited | 465,891,896 | 49.88 |
| Fauji Foundation | 170,842,386 | 18.29 |
| | Un - audited March 31, 2017 | Audited December 31, 2016 |
| | (Rupees '000) | |

5. LONG-TERM LOANS

| | | |
|---|-------------------|------------|
| Loans from banking companies-secured | 18,583,333 | 19,375,000 |
| Less: Current portion shown under current liabilities | 4,833,333 | 2,833,333 |
| | 13,750,000 | 16,541,667 |

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

| | | Un - audited March 31, 2017 | Audited December 31, 2016 |
|---|------|-----------------------------------|---------------------------------|
| | Note | (Rupees '000) | |
| 6. DEFERRED GOVERNMENT ASSISTANCE | | | |
| Deferred Government assistance from Government of Pakistan (GoP) | | 648,200 | 648,200 |
| Less: Current portion shown under current liabilities | | 648,200 | 648,200 |
| | | - | - |
| 7. DEFERRED LIABILITIES | | | |
| Compensated leave absences | | 537,644 | 523,627 |
| Deferred taxation - net | 7.1 | 596,444 | 961,455 |
| | | 1,134,088 | 1,485,082 |
| 7.1 The balance of deferred tax is in respect of the following taxable / (deductable) temporary differences: | | | |
| Accelerated tax depreciation | | 2,074,220 | 2,141,128 |
| Provision for inventory obsolescence | | (26,067) | (26,067) |
| Accrued liabilities and payables | | (1,451,709) | (1,153,606) |
| | | 596,444 | 961,455 |
| 8. CONTINGENCIES AND COMMITMENTS | | | |
| Contingencies | | | |
| i) Guarantees issued by banks on behalf of the Company | | 38,580 | 67,745 |
| Commitments | | | |
| i) Capital expenditures - contracted | | 1,196,519 | 1,399,627 |
| ii) Letters of credit for purchase of stores, spares and raw materials | | 1,402,035 | 1,386,747 |
| 9. PROPERTY, PLANT AND EQUIPMENT | | | |
| Opening written down value | | 11,298,191 | 12,126,103 |
| Additions during the period / year | | 303,635 | 716,136 |
| Disposals during the period / year | | (1,900) | (100,264) |
| Depreciation during the period / year | | (396,096) | (1,507,855) |
| Depreciation charged on disposals during the period / year | | 1,900 | 64,071 |
| Closing written down value | | 11,205,730 | 11,298,191 |

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

| | | Un - audited March 31, 2017 | Audited December 31, 2016 |
|--|------|-----------------------------------|---------------------------------|
| | Note | (Rupees '000) | |
| 10. LONG-TERM INVESTMENTS | | | |
| Joint venture | 10.1 | 1,411,150 | 1,411,150 |
| Associated companies | 10.2 | 7,991,556 | 7,991,556 |
| Subsidiary companies | 10.3 | 10,678,495 | 10,678,067 |
| Other long term investments | 10.4 | - | - |
| | | 20,081,201 | 20,080,773 |
| 10.1 Investment in joint venture - at cost | | | |
| Pakistan Maroc Phosphore S.A, Morocco (PMP) | | 1,411,150 | 1,411,150 |
| 10.2 Investments in associates - at cost | | | |
| Quoted | | | |
| Fauji Cement Company Limited (FCCL) | | 300,000 | 300,000 |
| Askari Bank Limited (AKBL) | | 5,230,991 | 5,230,991 |
| Un-quoted | | | |
| Foundation Wind Energy - I Limited (FWE-I) | | 1,225,873 | 1,225,873 |
| Foundation Wind Energy - II (Private) Limited (FWE-II) | | 1,234,692 | 1,234,692 |
| | | 7,991,556 | 7,991,556 |
| 10.3 Investments in subsidiaries - at cost | | | |
| Quoted | | | |
| Fauji Foods Limited (formerly Noon Pakistan Limited) | | | |
| Voting Shares | | 2,250,588 | 2,250,588 |
| Non Voting Shares | | 413,336 | 413,336 |
| | | 2,663,924 | 2,663,924 |
| Un-quoted | | | |
| Fauji Meat Limited (FML) | | 2,250,000 | 2,250,000 |
| FFBL Foods Limited (formerly Fauji Foods Limited) | | | |
| Shares | | 285,197 | 285,197 |
| Share deposit money | | 13,749 | 13,321 |
| | | 298,946 | 298,518 |
| FFBL Power Company Limited (FPCL) | | 5,465,625 | 5,465,625 |
| | | 10,678,495 | 10,678,067 |
| 10.4 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 |
| | | - | - |

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

| 11. LONG-TERM LOANS | Un - audited March 31, 2017 | Audited December 31, 2016 |
|--|-----------------------------------|---------------------------------|
| | (Rupees '000) | |
| Long term Loan | 45,150 | 45,150 |
| Less: Current portion shown under current assets | 33,863 | 22,575 |
| | 11,287 | 22,575 |

During the year 2016, the Company has provided Rs. 45.15 million (December 31, 2016: Rs. 45.15 million) as Subordinated Loans to Foundation Wind Energy-I Limited and Foundation Wind Energy-II (Private) Limited, at three months KIBOR + 2% per annum, on the terms set out in the respective agreements.

12. OTHER RECEIVABLES

This includes an amount of Rs. 1,111 million (December 31, 2016: Rs. 676 million) receivable from Fauji Fertilizer Company Limited, an associated company, on account of amounts recovered from customers, against sales of the Company's products under an inter-company services agreement.

13. SHORT-TERM INVESTMENTS

The balance at the period end includes investments in term deposit receipts of various banks, having maturity periods upto 3 months and carrying mark-up between 5.00% to 6.75% per annum (December 31, 2016: 5.10% to 7.75% per annum).

| | (Un-audited) For the quarter ended March 31, | |
|---|---|-------------|
| | 2017 | 2016 |
| | (Rupees '000) | |
| 14. COST OF SALES | | |
| Raw materials consumed | 5,901,910 | 8,065,303 |
| Packing materials consumed | 96,765 | 107,295 |
| Fuel and power | 796,520 | 875,004 |
| Chemicals and supplies consumed | 40,028 | 41,810 |
| Salaries, wages and benefits | 392,315 | 358,523 |
| Rent, rates and taxes | 6,195 | 6,131 |
| Insurance | 15,552 | 24,743 |
| Travel and conveyance | 26,176 | 27,633 |
| Repairs and maintenance | 597,391 | 584,154 |
| Communication, establishment and other expenses | 37,716 | 32,184 |
| Depreciation | 342,821 | 339,631 |
| Opening stock - work in process | 80,055 | 108,069 |
| Closing stock - work in process | (41,689) | (56,638) |
| Cost of goods manufactured | 8,291,755 | 10,513,842 |
| Opening stock - finished goods | 1,137,927 | 1,650,560 |
| Closing stock - finished goods | (1,177,052) | (7,053,748) |
| Cost of sales | 8,252,630 | 5,110,654 |

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

| | | (Un-audited) For the quarter ended March 31, | |
|---|------------------|---|------|
| | | 2017 | 2016 |
| | | (Rupees '000) | |
| 15. OTHER INCOME | | | |
| Profit on bank balances and term deposit receipts | 105,430 | 87,814 | |
| Gain from mutual funds | 55,913 | - | |
| Provision written back | - | 77,502 | |
| Dividend received-FCCL | - | 32,813 | |
| Dividend received-AKBL | 407,826 | 339,855 | |
| Subsidy income on DAP | 1,039,617 | 708,257 | |
| Subsidy income on Urea | 116,344 | - | |
| Interest on sub-ordinated loans | 748 | - | |
| Scrap sale and other receipts | 14,236 | 6,781 | |
| Gain on sale of property, plant and equipment | 1,900 | - | |
| Guarantee fee | 3,398 | - | |
| | 1,745,412 | 1,253,022 | |
| 16. TAXATION - net | | | |
| Current tax | 202,170 | (285,485) | |
| Deferred tax | (365,012) | (75,895) | |
| | (162,842) | (361,380) | |

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

| | (Un-audited) For the quarter ended March 31, | |
|---|---|--------------------|
| | 2017 | 2016 |
| | (Rupees '000) | |
| 17. CASH GENERATED FROM OPERATIONS | | |
| Loss before taxation | (297,640) | (875,101) |
| Adjustment for non-cash charges and other items: | | |
| Provision for gratuity | 21,783 | 21,025 |
| Exchange losses / (gains) | 1,541 | (4,372) |
| Provision for compensated absences | 27,912 | 19,383 |
| Provision for Workers' Welfare Fund | 9,520 | - |
| Depreciation | 396,096 | 357,979 |
| Finance costs | 477,375 | 410,073 |
| Profit on bank balances and term deposit receipts | (105,430) | (87,714) |
| Gain on mutual funds | (55,913) | - |
| Dividend from associates | (407,826) | - |
| Gain on disposal of property, plant and equipment | (1,900) | - |
| Mark-up on sub-ordinated loans | (748) | - |
| Guarantee fee | (3,398) | - |
| Operating profit / (loss) before working capital changes | 61,372 | (158,727) |
| Changes in working capital | | |
| Stores and spares | 79,655 | 33,957 |
| Stock-in-trade | (12,670) | (5,300,814) |
| Trade debts | 2,475,888 | 363,952 |
| Advances | 460,810 | 82,235 |
| Trade deposits and short-term prepayments | (26,923) | (51,953) |
| Other receivables | 398,865 | 2,700,859 |
| Sales tax refundable | 125,402 | (692,199) |
| Trade and other payables | 448,142 | (457,290) |
| | 3,949,169 | (3,321,253) |
| Cash generated from / (used in) operations | 4,010,541 | (3,479,980) |

18. RELATED PARTY TRANSACTIONS

The FFBL 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 quarter end are given below. The cost of investment in subsidiaries, associates and joint venture are disclosed in note 10 to the condensed interim financial information.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

(Un-audited)
For the quarter ended March 31,

2017 2016

(Rupees '000)

Transactions with subsidiary companies:

| | | |
|--|---------|-----------|
| Investment in FFBL Foods Limited | 428 | 2,522 |
| Investment in Fauji Foods Limited (FFL) (Formerly Noon Pakistan Limited) | - | 1,260,704 |
| Material received from FFBL Power Company Limited (FPCL) | 196,921 | - |
| Balance payable to FFBL Power Company Limited (FPCL) | 196,921 | - |
| Services provided to Fauji Foods Limited (FFL) | 22,811 | - |
| Services provided to Fauji Meat Limited (FML) | 22,638 | - |
| Balance receivable from Fauji Meat Limited (FML) | 22,638 | - |

Transactions with associated undertakings due to common directorship:

| | | |
|--|-----------|-------------|
| Services and material acquired | 340,933 | 181,794 |
| Commission paid by the Company | 4,217 | 2,120 |
| Dividend paid | 318,367 | 1,942,040 |
| Rent charged to the Company | - | 378 |
| Profit on bank balances with AKBL | 16,684 | 17,837 |
| Income from mutual funds and TDR's with AKBL | 14,321 | - |
| Investments in mutual funds and TDR's with AKBL | 590,451 | - |
| Balances at bank (AKBL) | 901,232 | 1,648,699 * |
| Balance receivable - unsecured (FFC) | 1,111,332 | 675,776 * |
| Interest and guarantee fee from FWE-I and FWE-II | 4,146 | - |
| Balance payable - Foundation Gas | 129 | 47 * |
| Transactions with Foundation Gas | 567 | - |
| Transactions with Fauji Foundation Hospital | 55 | - |

Transactions with joint venture:

| | | |
|--|-----------|-------------|
| Purchase of raw materials | 4,392,535 | 5,878,990 |
| Expenses incurred on behalf of joint venture | 4,721 | 5,279 |
| Balance payable - secured | 2,890,098 | 3,685,702 * |
| Balance receivable - unsecured | 9,796 | 118,731 * |

Other related parties:

| | | |
|---|-----------|-------------|
| Contribution to provident fund | 17,713 | 14,731 |
| (Receipt from) / contribution to gratuity fund | (1,812) | 21,025 |
| Remuneration to key management personnels | 163,622 | 125,780 |
| Receipt from Workers' (Profit) Participation Fund | (11,296) | (10,971) |
| Balance payable - unsecured (WWF and WPPF) | 1,147,323 | 1,126,506 * |
| Payable to gratuity fund | 159,466 | 135,871 * |

* Balance of accounts appearing as comparatives are as at December 31, 2016 (audited)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

19. DATE OF AUTHORIZATION FOR ISSUE

19.1 This condensed interim financial information was authorized for issue on April 24, 2017 by the Board of Directors of the Company.

20. GENERAL

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


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



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

Condensed Interim Consolidated Financial Information



CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2017

| | (Un - audited) March 31, 2017 | (Audited) December 31, 2016 |
|------|-------------------------------------|-----------------------------------|
| Note | (Rupees '000) | |
| | 9,341,100 | 9,341,100 |
| | 228,350 | 228,350 |
| | 238,157 | 705,043 |
| | 635,327 | 577,799 |
| | 520,145 | 683,133 |
| | 2,004,749 | 2,934,171 |
| | 12,967,828 | 14,469,596 |
| | 3,127,132 | 3,454,533 |
| | 16,094,960 | 17,924,129 |
| 5 | 37,694,877 | 40,597,056 |
| | 127,185 | 129,919 |
| 7 | 1,624,635 | 2,028,405 |
| | 39,446,697 | 42,755,380 |
| | 16,602,664 | 15,719,577 |
| | 705,376 | 770,595 |
| | 16,480,278 | 20,811,920 |
| 5 | 6,920,562 | 4,516,890 |
| | 37,557 | 36,098 |
| 6 | 648,200 | 648,200 |
| | 41,394,637 | 42,503,280 |
| | 96,936,294 | 103,182,789 |

CONTINGENCIES AND COMMITMENTS

8

The annexed notes, from 1 to 23 form an integral part of this condensed interim consolidated financial information.

| | | (Un - audited) March 31, 2017 | (Audited) December 31, 2016 |
|---|------|-------------------------------------|-----------------------------------|
| | Note | (Rupees '000) | |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 48,812,062 | 46,535,066 |
| Intangible assets | | 385,147 | 379,887 |
| Long-term investments | 10 | 14,150,484 | 14,806,221 |
| Long-term loans | 11 | 11,287 | 22,575 |
| Long-term deposits | | 79,587 | 79,587 |
| Deferred tax asset - net | 7 | 733,229 | 628,542 |
| | | 64,171,796 | 62,451,878 |
| CURRENT ASSETS | | | |
| Stores and spares | | 2,692,799 | 2,799,469 |
| Stock-in-trade | | 4,513,395 | 3,755,226 |
| Trade debts | | 1,533,768 | 4,076,486 |
| Advances | | 945,085 | 1,570,771 |
| Trade deposits and short-term prepayments | | 273,544 | 158,597 |
| Interest accrued | | 38,965 | 51,266 |
| Other receivables | 12 | 4,622,451 | 4,827,898 |
| Income tax refundable - net | | 1,456,475 | 1,399,446 |
| Sales tax refundable | | 2,379,483 | 2,464,573 |
| Current portion of long-term loans | | 33,863 | 22,575 |
| Short-term investments | 13 | 8,230,761 | 12,584,067 |
| Cash and bank balances | | 6,043,909 | 7,020,537 |
| | | 32,764,498 | 40,730,911 |
| | | 96,936,294 | 103,182,789 |



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

| | | 2017 | 2016 Restated |
|---|------|--------------------|--------------------|
| | Note | (Rupees '000) | |
| Sales - net | | 9,655,329 | 4,875,374 |
| Cost of sales | 14 | (9,874,204) | (5,527,995) |
| Gross loss | | (218,875) | (652,621) |
| Selling and distribution expenses | | (1,340,735) | (954,133) |
| Administrative expenses | | (532,558) | (391,126) |
| | | (2,092,168) | (1,997,880) |
| Finance costs | | (661,333) | (433,806) |
| Other operating expenses | | (17,342) | (1,290) |
| | | (2,770,843) | (2,432,976) |
| Other income | 15 | | |
| Share of profit of associates and joint venture - net | | 448,662 | 815,115 |
| Others | | 1,347,432 | 896,797 |
| | | 1,796,094 | 1,711,912 |
| Loss before taxation | | (974,749) | (721,064) |
| Taxation - net | 16 | 242,509 | 566,794 |
| Loss after taxation | | (732,240) | (154,270) |
| Attributable to: | | | |
| - Owners of the holding Company | | (404,839) | (34,820) |
| - Non controlling interest | | (327,401) | (119,450) |
| | | (732,240) | (154,270) |
| Loss per share - basic and diluted (Rupees) | | (0.78) | (0.17) |


The annexed notes, from 1 to 23 form an integral part of this condensed interim consolidated financial information.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2017**

| | 2017 | 2016 Restated |
|--|--------------------|------------------|
| | (Rupees '000) | |
| Loss after taxation | (732,240) | (154,270) |
| Other comprehensive income | | |
| Exchange difference on translating a joint venture | (162,933) | (52,076) |
| Effect of translation - share of Askari Bank Limited under equity method | (55) | 743 |
| Revaluation reserve on available for sale investments | (533,584) | (26,321) |
| Related deferred tax | 66,698 | 3,290 |
| | (466,886) | (23,031) |
| Total comprehensive loss | (1,362,114) | (228,634) |
| Attributable to: | | |
| - Owners of the holding Company | (1,034,713) | (109,184) |
| - Non controlling interest | (327,401) | (119,450) |
| | (1,362,114) | (228,634) |

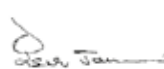
The annexed notes, from 1 to 23 form an integral part of this condensed interim consolidated financial information.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2017

FOR THE QUARTER ENDED MARCH 31, 2017

| | | 2017 | 2016 Restated |
|--|------|--------------------|---------------------|
| | Note | (Rupees '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from / (used in) operating activities | 17 | 3,380,773 | (3,395,623) |
| Income tax paid | | (269,950) | (553,903) |
| Payment to / (receipt from) gratuity fund | | (830) | 7,746 |
| Finance cost paid | | (726,552) | (283,915) |
| Compensated absences paid / (received) | | (15,241) | 3,953 |
| Receipt from Workers' (Profit) Participation Fund | | 11,247 | 10,888 |
| Net cash generated from / (used in) operating activities | | 2,379,447 | (4,210,854) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Addition to property, plant and equipment | | (2,848,728) | (6,515,130) |
| Long-term investments | | - | (113,206) |
| Dividend received | | 121,395 | - |
| Sale proceeds of property, plant and equipment | | 3,462 | 69,568 |
| Increase in long term deposits | | - | 213 |
| Investment at fair value through profit and loss account | | (250,000) | - |
| Profit received on bank balances and term deposit receipts | | 124,184 | 106,530 |
| Net cash used in investing activities | | (2,849,687) | (6,452,025) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Short-term borrowings - net | | (3,120,989) | (2,859,994) |
| Injection of equity by non-controlling interest | | - | 378,364 |
| Long-term loans | | (498,507) | 800,000 |
| Finance lease liability - net | | (1,275) | 43,840 |
| Dividend paid | | (334,183) | (2,393,257) |
| Net cash used in financing activities | | (3,954,954) | (4,031,047) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (4,425,194) | (14,693,926) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE QUARTER | | 10,474,842 | 4,876,123 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE QUARTER | | 6,049,648 | (9,817,803) |
| CASH AND CASH EQUIVALENTS | | | |
| Cash and cash equivalents included in the statement of cash flows comprises the following balance sheet amounts: | | | |
| - Cash and bank balances | | 6,043,909 | 8,216,747 |
| - Short term highly liquid investments | | 5,410,281 | 3,007,748 |
| - Short term running finance | | (5,404,542) | (21,042,298) |
| | | 6,049,648 | (9,817,803) |


The annexed notes, from 1 to 23 form an integral part of this condensed interim consolidated financial information.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2017

Reserves

| | Share capital | Capital reserve | Revaluation reserve on available for sale investments | Statutory reserve | Translation reserve | Accumulated profit | Non-controlling interest | Total |
|--|------------------|-----------------|---|-------------------|---------------------|--------------------|--------------------------|-------------------|
| | (Rupees '000) | | | | | | | |
| Balance as at January 01, 2016 | 9,341,100 | 228,350 | 482,449 | 355,039 | 711,110 | 5,732,238 | 2,690,509 | 19,540,795 |
| Total comprehensive income | | | | | | | | |
| Loss for the period after taxation | - | - | - | - | - | (34,820) | (119,450) | (154,270) |
| Other comprehensive loss for the period | - | - | (23,031) | - | (51,333) | - | - | (74,364) |
| Total comprehensive loss for the period | - | - | (23,031) | - | (51,333) | (34,820) | (119,450) | (228,634) |
| Transfer to statutory reserve | - | - | - | 42,117 | - | (42,117) | - | - |
| Transactions with owners, recorded directly in equity distributions to owners | | | | | | | | |
| Final dividend 2015 (Rs. 3.05 per ordinary share) | - | - | - | - | - | (2,849,045) | - | (2,849,045) |
| Total transactions with owners | - | - | - | - | - | (2,849,045) | - | (2,849,045) |
| Equity injected by non-controlling interest | - | - | - | - | - | - | 265,157 | 265,157 |
| Adjustment - due to market transaction | - | - | - | - | - | 9,338 | (9,338) | - |
| Balance as at March 31, 2016 - restated | 9,341,100 | 228,350 | 459,418 | 397,156 | 659,777 | 2,815,594 | 2,826,878 | 16,728,273 |
| Balance as at January 01, 2017 | 9,341,100 | 228,350 | 705,043 | 577,799 | 683,133 | 2,934,171 | 3,454,533 | 17,924,129 |
| Total comprehensive income | | | | | | | | |
| Loss for the period after taxation | - | - | - | - | - | (404,839) | (327,401) | (732,240) |
| Other comprehensive loss for the period | - | - | (466,886) | - | (162,988) | - | - | (629,874) |
| Total comprehensive loss for the period | - | - | (466,886) | - | (162,988) | (404,839) | (327,401) | (1,362,114) |
| Transfer to statutory reserve | - | - | - | 57,528 | - | (57,528) | - | - |
| Transactions with owners, recorded directly in equity distributions to owners | | | | | | | | |
| Final dividend 2016 (Re. 0.5 per ordinary share) | - | - | - | - | - | (467,055) | - | (467,055) |
| Total transactions with owners | - | - | - | - | - | (467,055) | - | (467,055) |
| Balance as at March 31, 2017 | 9,341,100 | 228,350 | 238,157 | 635,327 | 520,145 | 2,004,749 | 3,127,132 | 16,094,960 |

The annexed notes, from 1 to 23 form an integral part of this condensed interim consolidated financial information.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2017

1. THE GROUP AND ITS OPERATIONS

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

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

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

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

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

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

2. BASIS OF PREPARATION

This condensed interim consolidated financial information is un-audited and is being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. This condensed interim consolidated financial report of the Group for the quarter ended March 31, 2017 has been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The applicable financial frame work for banks also includes the Banking Companies Ordinance, 1962 and the provisions of and directives issued by the State Bank of Pakistan (SBP).

The disclosures in this condensed interim consolidated financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended December 31, 2016. Comparative balance sheet is extracted from annual financial statements as of December 31, 2016 whereas comparative profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity are extracted from unaudited condensed interim consolidated financial information of FFBL and its subsidiaries for the quarter ended March 31, 2016.

This condensed interim consolidated financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Pakistan Stock Exchange.

3. ACCOUNTING POLICIES

The accounting policies and method of computation adopted for the preparation of this condensed interim consolidated financial information is same as those applied in preparation of consolidated financial statements for the preceding year ended December 31, 2016.

4. Group consists of following subsidiary companies:

| | Ownership in March 31, 2017 | Ownership in December 31, 2016 |
|----------------------------|--------------------------------|-----------------------------------|
| Fauji Meat Limited | 75% | 75% |
| FFBL Power Company Limited | 75% | 75% |
| FFBL Foods Limited | 100% | 100% |
| Fauji Foods Limited | 49.12% | 49.12% |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

| | Note | Un-audited March 31, 2017 | Audited December 31, 2016 |
|---|------|---------------------------------|---------------------------------|
| 5. LONG-TERM LOANS | | (Rupees '000) | |
| Loans from banking companies-secured | | 44,615,439 | 45,113,946 |
| Less: Current portion shown under current liabilities | | 6,920,562 | 4,516,890 |
| | | 37,694,877 | 40,597,056 |
| 6. DEFERRED GOVERNMENT ASSISTANCE | | | |
| Deferred Government assistance from Government of Pakistan | | 648,200 | 648,200 |
| Less: Current portion shown under current liabilities | | 648,200 | 648,200 |
| | | - | - |
| 7. DEFERRED LIABILITIES | | | |
| Compensated leave absences | | 554,126 | 540,456 |
| Deferred taxation | 7.1 | 1,070,509 | 1,487,949 |
| | | 1,624,635 | 2,028,405 |
| 7.1 The balance of deferred tax is in respect of the following major taxable / (deductible) temporary differences: | | | |
| Accelerated depreciation | | 2,359,198 | 2,485,626 |
| Share of profit from associates and joint venture - net | | 440,078 | 445,174 |
| Provision for inventory obsolescence | | (49,033) | (52,665) |
| Deferred tax on revaluation of available for sale investments | | 33,987 | 100,685 |
| Accrued liabilities and payables | | (1,451,709) | (1,153,606) |
| Unabsorbed losses | | (995,241) | (965,807) |
| | | 337,280 | 859,407 |
| Deferred tax asset-net, of a subsidiary shown under non-current asset | 7.2 | 733,229 | 628,542 |
| | | 1,070,509 | 1,487,949 |
| 7.2 Deferred tax asset on unused tax losses, tax credits and other deductible temporary differences, of subsidiary, are recognized on the basis that sufficient future taxable profits will be available against which they can be utilized. | | | |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

| | Un - audited March 31, 2017 | Audited December 31, 2016 |
|--|-----------------------------------|---------------------------------|
| | (Rupees '000) | |
| 8. CONTINGENCIES AND COMMITMENTS | | |
| Contingencies | | |
| i) Guarantees issued by banks on behalf of the Company. | 38,580 | 86,165 |
| ii) Group's share of contingent liabilities of Fauji Cement Company Limited as at December 31, 2016 | 34,956 | 34,956 |
| iii) Group's share of contingent liabilities of Foundation Wind Energy - I Limited as at December 31, 2016 | 78,915 | 78,884 |
| iv) Group's share of contingent liabilities of Foundation Wind Energy - II (Private) Limited as at December 31, 2016 | 76,255 | 76,224 |
| v) Group's share of contingent liabilities of Fauji Foods Limited | 18,420 | 65,450 |
| vi) Group's share of contingent liabilities of Askari Bank Limited as at December 31, 2016 | 50,644,021 | 51,084,321 |
| Commitments | | |
| i) Capital expenditures - contracted | 1,196,519 | 1,399,627 |
| ii) Letters of credit for purchase of stores, spares and raw materials | 1,402,035 | 1,386,747 |
| iii) Commitments with Fauji Foundation for investment in FWE- I & FWE- II as at December 31, 2016 | 111,074 | 111,035 |
| iv) Group's share of commitments of PMP as at December 31, 2016 | 15,435 | 26,891 |
| v) Group's share of commitments of Fauji Meat Limited | 253,894 | 368,728 |
| vi) Group's share of commitments of FFBL Power Company Limited | 2,710,878 | 1,232,023 |
| vii) Commitments of Fauji Foods Limited | 869,930 | 1,200,250 |
| viii) Group's share of commitments of Fauji Cement Company Limited as at December 31, 2016. | 22,848 | 4,610 |
| 9. PROPERTY, PLANT AND EQUIPMENT | | |
| Opening written down value | 46,535,066 | 30,796,994 |
| Additions during the period / year | 2,856,106 | 17,713,396 |
| Disposals during the period / year | (2,630) | (136,919) |
| Depreciation during the period / year | (578,565) | (1,890,550) |
| Depreciation charged on disposals during the period / year | 2,085 | 52,145 |
| Closing written down value | 48,812,062 | 46,535,066 |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

| | Un - audited March 31, 2017 | Audited December 31, 2016 |
|---|-----------------------------------|---------------------------------|
| | (Rupees '000) | |
| 10. LONG-TERM INVESTMENTS | | |
| Investment in joint venture - equity method | | |
| Pakistan Maroc Phosphore S.A, Morocco (PMP) | | |
| Balance brought forward | 3,630,614 | 3,094,397 |
| Share of profit | 141,312 | 638,808 |
| Dividend | - | (102,645) |
| (Loss) / profit during the year on translation of net assets | (162,933) | 54 |
| Closing balance | 3,608,993 | 3,630,614 |
| Investment in associates - equity method | | |
| Fauji Cement Company Limited (FCCL) | | |
| Balance brought forward | 392,688 | 379,345 |
| Share of profit | 9,094 | 64,906 |
| Dividend | - | (51,563) |
| Closing balance | 401,782 | 392,688 |
| Foundation Wind Energy - I Limited (FWE-I) | | |
| Opening balance | 1,574,361 | 1,244,195 |
| Share of profit | 107,095 | 330,166 |
| Closing balance | 1,681,456 | 1,574,361 |
| Foundation Wind Energy - II (Pvt) Limited (FWE-II) | | |
| Opening balance | 1,770,038 | 1,231,217 |
| Share of (loss) / profit | (29,303) | 538,821 |
| Closing balance | 1,740,735 | 1,770,038 |
| Askari Bank Limited (AKBL) | | |
| Opening balance | 7,438,519 | 6,402,578 |
| Share of profit | 220,464 | 1,122,186 |
| Dividend | (407,826) | (339,855) |
| Revenue reserve on revaluation of available for sale investment | (533,584) | 254,391 |
| Effect of translation | (55) | (781) |
| Closing balance | 6,717,518 | 7,438,519 |
| 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 |
| | - | - |
| | 14,150,484 | 14,806,221 |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

| | Un - audited March 31, 2017 | Audited December 31, 2016 |
|--|-----------------------------------|---------------------------------|
| | (Rupees '000) | |
| 11. LONG-TERM LOANS | | |
| Long - term Loan | 45,150 | 45,150 |
| Less: Current portion shown under current assets | 33,863 | 22,575 |
| | 11,287 | 22,575 |

During year 2016, the Holding Company has provided Rs. 45.15 million as sub-ordinated loans to Foundation Wind Energy- I Limited and Foundation Wind Energy- II (Private) Limited, at KIBOR + 2 % per annum, on the terms set out in the respective agreements.

12. OTHER RECEIVABLES

This includes an amount of Rs. 1,111 million (December 31, 2016: Rs. 676 million) receivable from Fauji Fertilizer Company Limited, an associated company on account of amount recovered from customers, against sales of the Holding Company's products under an inter-company services agreement.

13. SHORT-TERM INVESTMENTS

The balance at the period end includes investments in term deposit receipts of various banks, having maturity periods upto 3 months, and carrying mark-up between 5.00% to 7.00% per annum (December 31, 2016: 5.25% to 7.50% per annum).

| | (Un-audited) For the quarter ended March 31, | |
|--|---|------------------|
| | 2017 | 2016 Restated |
| | (Rupees '000) | |
| 14. COST OF SALES | | |
| Raw materials consumed | 6,876,080 | 8,422,048 |
| Packing materials consumed | 522,571 | 223,533 |
| Fuel and power | 678,844 | 898,512 |
| Milk collection charges | 26,388 | 28,351 |
| Chemicals and supplies consumed | 66,863 | 56,482 |
| Salaries, wages and benefits | 540,724 | 385,861 |
| Rent, rates and taxes | 12,641 | 8,397 |
| Insurance | 21,105 | 30,478 |
| Travel and conveyance | 41,471 | 27,633 |
| Repairs and maintenance | 615,687 | 586,255 |
| Communication, establishment and others expenses | 61,500 | 32,185 |
| Depreciation and amortization | 498,438 | 363,610 |
| Opening stock - work in process | 152,818 | 145,310 |
| Closing stock - work in process | (136,960) | (126,367) |
| Cost of goods manufactured | 9,978,170 | 11,082,288 |
| Opening stock - finished goods | 1,432,743 | 1,684,531 |
| Closing stock - finished goods | (1,536,709) | (7,238,824) |
| Cost of sales | 9,874,204 | 5,527,995 |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

| | | (Un-audited) For the quarter ended March 31, | |
|---------------------------|---|---|------------------|
| | | 2017 | 2016 Restated |
| | | (Rupees '000) | |
| 15. OTHER INCOME | Share of profit / (loss) from associates and joint venture | | |
| | Pakistan Maroc Phosphore S.A, Morocco | 141,312 | 342,542 |
| | Foundation Wind Energy - I Limited | 107,095 | 113,622 |
| | Foundation Wind Energy - II (Private) Limited | (29,303) | 122,273 |
| | Fauji Cement Company Limited | 9,094 | 22,422 |
| | Askari Bank Limited | 220,464 | 214,256 |
| | | 448,662 | 815,115 |
| | Profit on bank balances and term deposit receipts | 107,737 | 99,710 |
| | Gain from mutual funds | 55,913 | - |
| | Provision written back | - | 77,502 |
| | Subsidy income on DAP | 1,039,617 | 708,257 |
| | Subsidy income on Urea | 116,344 | - |
| | Interest and guarantee fee | 4,146 | - |
| | Scrap sale and other receipts | 18,085 | 9,838 |
| | Gain on sale of property, plant and equipment | 2,917 | 1,281 |
| | Miscellaneous income | 2,673 | 209 |
| | | 1,347,432 | 896,797 |
| | | 1,796,094 | 1,711,912 |
| 16. TAXATION - NET | | | |
| | Current tax | 212,921 | (273,665) |
| | Deferred tax | (455,430) | (293,129) |
| | | (242,509) | (566,794) |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

| | (Un-audited) | |
|---|---------------------------------|--------------------|
| | For the quarter ended March 31, | |
| | 2017 | 2016 Restated |
| | (Rupees '000) | |
| 17. CASH GENERATED FROM / (USED IN) OPERATIONS | | |
| Loss before taxation | (974,749) | (721,064) |
| Adjustment for non-cash charges and other items: | | |
| Provision for gratuity | 29,961 | 15,228 |
| Exchange loss / (gain) | 2,800 | (3,012) |
| Provision for compensated absences | 28,912 | 13,003 |
| Provision written back | - | (77,502) |
| Provision for Workers' Welfare Fund | 9,520 | - |
| Depreciation and amortization | 565,932 | 391,961 |
| Finance cost | 661,333 | 436,818 |
| Profit on bank balances and term deposit receipts | (107,737) | (99,710) |
| Income on mutual funds | (55,913) | - |
| Guarantee fee | (3,398) | - |
| Profit from associates and joint venture - net | (448,662) | (815,115) |
| Mark-up on sub-ordinated loans | (748) | - |
| Gain on sale of property, plant and equipment | (2,917) | (1,281) |
| Operating loss before working capital changes | (295,666) | (860,674) |
| Changes in working capital | | |
| Stores and spares | 106,670 | (18,507) |
| Stock in trade | (758,169) | (5,561,554) |
| Trade debts | 2,542,718 | 343,729 |
| Advances | 625,686 | 43,390 |
| Trade deposits and short term prepayments | (114,947) | (56,589) |
| Other receivables | 491,878 | 2,945,278 |
| Sales tax receivable | 85,090 | (783,457) |
| Trade and other payables | 697,513 | 552,761 |
| | 3,676,439 | (2,534,949) |
| Cash generated from / (used in) operations | 3,380,773 | (3,395,623) |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

18. RELATED PARTY TRANSACTIONS

The Group has related parties which comprise of a joint venture, entities under common directorship, directors, key management personnel and employees' funds. Transactions with related parties and the balances outstanding at the quarter end are given below. The carrying value of investment in associates and joint venture are disclosed in note 10 to the condensed interim consolidated financial information.

| | (Un-audited) For the quarter ended March 31, | |
|---|---|------------------|
| | 2017 | 2016 Restated |
| | (Rupees '000) | |
| Transactions with associated undertakings due to common directorship | | |
| Services and material acquired | 340,933 | 181,794 |
| Commission paid | 4,217 | 2,120 |
| Dividend paid | 318,367 | 1,942,040 |
| Rent charged | - | 378 |
| Profit on bank balances (AKBL) | 18,190 | 17,837 |
| Mark-up on running finance with AKBL | 12,981 | 6,693 |
| Investments in mutual funds and TDR's with AKBL | 590,451 | - |
| Income from mutual funds and TDR's with AKBL | 14,321 | - |
| Balances at bank (AKBL) | 911,910 | 1,648,699 * |
| Running finance with AKBL | 995,008 | 482,283 |
| Balance receivable - unsecured (FFC) | 1,111,332 | 675,776 * |
| Interest and guarantee fee from FWE-I and FWE-II | 4,146 | - |
| Balance payable at the period end-Foundation Gas | 129 | 47 * |
| Transactions with Foundation Gas | 567 | - |
| Transactions with Fauji Foundation Hospital | 55 | - |
| Transactions with joint venture | | |
| Purchase of raw materials | 4,392,535 | 5,878,990 |
| Expenses incurred on behalf of joint venture | 4,721 | 5,279 |
| Balance payable - secured | 2,890,098 | 3,865,702 * |
| Balance receivable - unsecured | 9,796 | 118,731 * |
| Other related parties | | |
| Contribution to provident fund | 17,713 | 14,731 |
| (Receipt from) / Payment to gratuity fund | (1,365) | 21,025 |
| Remuneration to key management personnels | 197,489 | 128,607 |
| Receipts from Workers' (Profit) Participation Fund | (11,247) | (10,888) |
| Balance payable (WWF+WPPF) - unsecured | 1,447,621 | 1,126,506 * |
| Payable to gratuity fund | 183,639 | 135,871 * |

* Balance of accounts appearing as comparatives are as at December 31, 2016

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

19. SEGMENT REPORTING

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

| | Fertilizer | Food | Meat | Power | Elimination-net | Consolidated |
|----------------------------------|-------------------|------------------|------------------|-------------------|--------------------|--------------------|
| | (Rupees '000) | | | | | |
| March 31, 2017 | | | | | | |
| Revenue | 7,998,759 | 1,269,081 | 387,489 | - | - | 9,655,329 |
| Loss after taxation | (134,798) | (447,086) | (343,807) | (21,020) | 214,471 | (732,240) |
| March 31, 2016 - restated | | | | | | |
| Revenue | 4,414,121 | 461,253 | - | - | - | 4,875,374 |
| Loss after tax | (513,721) | (192,018) | (214) | (15,680) | 567,363 | (154,270) |
| March 31, 2017 | | | | | | |
| Assets | 56,593,324 | 8,838,044 | 8,412,270 | 29,959,961 | (6,867,305) | 96,936,294 |
| Liabilities | 44,438,120 | 6,767,128 | 6,552,630 | 22,805,740 | 277,716 | 80,841,334 |
| December 31, 2016 | | | | | | |
| Assets | 63,794,502 | 7,956,864 | 8,567,722 | 29,043,194 | (6,179,493) | 103,182,789 |
| Liabilities | 51,037,443 | 5,439,291 | 6,364,274 | 21,867,953 | 549,699 | 85,258,660 |

20. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk factors

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

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

Fair Value estimation

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

Level 1 Level 2 Level 3
(Rupees '000)

March 31, 2017 - unaudited

ASSETS

Financial assets at fair value through profit or loss

- Short-term investments

2,820,480 - -

December 31, 2016 - audited

ASSETS

Financial assets at fair value through profit or loss

- Short-term investments

2,514,567 - -

21. RESTATEMENT OF COMPARATIVE FIGURES

During 2015, the Company jointly with Fauji Foundation has acquired a 51% shareholding of Fauji Foods Limited (FFL) (Formerly Noon Pakistan Limited), a listed company engaged in manufacture and sale of toned milk, milk powder, fruit juices, allied dairy and food products with shares listed on the Pakistan Stock Exchange. As per the agreement signed on May 18, 2015, the Company and Fauji Foundation acquired voting shares of 38.25% (4,500 thousand) and 12.75% (1,500 thousand) respectively. The investment was initially accounted for as an associate.

During 2016, management re-evaluated the assessment of control made in respect of investment in FFL and concluded that FFBL has obtained de facto control over FFL, based upon its ability to appoint majority of directors and senior management, from the date of acquisition i.e. September 04, 2015. Further, FFBL had obtained exemption from consolidation of FFL from SECP for periods ended upto September 30, 2016. Resultantly, the relevant comparative figures have been restated, as reflected below, to reflect the impact of consolidation of subsidiary and derecognition of as an associate.

| | "As previously reported - March 31, 2016" | Change | "As restated - March 31, 2016" |
|--|--|-----------|--------------------------------------|
| | (Rupees '000) | | |
| Impact on profit and loss account | | | |
| Sales - net | 4,414,121 | 461,253 | 4,875,374 |
| Cost of sales | (5,110,653) | (417,342) | (5,527,995) |
| Administrative and selling and distribution expenses | (1,035,241) | (310,018) | (1,345,259) |
| Finance cost | (407,985) | (25,821) | (433,806) |
| Other operating expenses and income | 891,769 | 3,738 | 895,507 |
| Share of profit of joint venture and associates - net | 802,385 | 12,730 | 815,115 |
| Taxation | 464,719 | 102,075 | 566,794 |
| Loss after taxation | 19,115 | (173,385) | (154,270) |
| Profit / (loss) attributable to: | | | |
| -Equity holders of the holding Company | 23,083 | (57,903) | (34,820) |
| -Non-controlling interest | (3,968) | (115,482) | (119,450) |
| | 19,115 | (173,385) | (154,270) |
| Earnings / (loss) per share - basic and diluted (Rupees) | 0.02 | (0.19) | (0.17) |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

The rectification of the above error did not have any impact on opening balances of comparative period. Accordingly, no third period balances have been presented as of that date.

22. DATE OF AUTHORIZATION

This condensed interim consolidated financial information was authorized for issue on April 24, 2017 by the Board of Directors of the Holding Company.

23. GENERAL

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

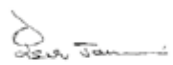
23.2 Corresponding figures have been re-arranged / restated, wherever necessary, for the purpose of comparison.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

