

A close-up photograph of green plant tendrils, likely from a climbing plant, showing intricate, swirling patterns. The background is a soft, out-of-focus green.

# Half Yearly **Accounts** 2016



# Company Information

## DIRECTORS

- Lt Gen Khalid Nawaz Khan, HI(M), Sitara-i-Esar, (Retd)  
**Chairman**
- Lt Gen Muhammad Haroon Aslam, HI(M), SBt (Retd)  
**Chief Executive & Managing Director**
- Lt Gen Shafqaat Ahmed, HI(M), (Retd)
- 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)
- 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, DHA II, Islamabad.

Tel: 051-8763325 Fax: 051-8763302

E-mail: [secretary@ffbl.com](mailto:secretary@ffbl.com)

Website: <http://www.ffbl.com>

## PLANTSITE

Plot No. EZ/II/P-1, Eastern Zone, Bin Qasim, Karachi, Pakistan

## BANKERS

Habib Bank Limited  
MCB Bank Limited  
United Bank Limited  
National Bank of Pakistan  
Allied Bank Limited  
Askari Bank Limited  
Faysal Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Habib Metropolitan Bank  
Bank Al-Falah Limited  
Bank Al-Habib Limited  
NIB Bank Limited  
Silk Bank Limited  
The Bank of Punjab

Al Baraka Bank (Pakistan) Limited  
Dubai Islamic Bank (Pakistan) Limited  
Bank Islami Pakistan Limited  
Burj Bank Limited  
The Bank of Khyber  
Meezan Bank Limited  
Soneri Bank Limited  
Summit Bank Limited  
Deutsche Bank AG  
JS Bank Limited  
Samba Bank Limited  
Zarai Taraqati Bank Limited  
MCB Islamic Bank Limited  
Industrial Bank of China

## LEGAL ADVISORS

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

## AUDITORS

Ernst & Young Ford Rhodes  
Sidat Hyder  
Chartered Accountants  
Eagle Plaza, 75 West,  
Fazlul-Haq Road, Blue Area,  
Islamabad.

## SHARES REGISTRAR

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

# Directors' Review

For the Half Year Ended June 30, 2016

The Board of Directors is pleased to present a brief overview of the operational and financial performance of the Company for the half year ended June 30, 2016.

By the grace of Almighty, the overall performance of the plants remained satisfactory during the period. Marked improvement in gas curtailment due to import of LNG by GoP eased out the pressure on FFBL resulting in improved production of Ammonia, Urea and DAP in terms of installed capacity. The average curtailment was 10% as compared with 37% in corresponding period. Ammonia, Urea and DAP plants remained closed for 30, 41 and 31 days respectively. Production of Ammonia at 208 thousand tonnes, DAP at 370 thousand tonnes was higher by 56% and 5% respectively, whereas Urea at 219 thousand tonnes was higher by 131% compared with the corresponding period.

FFBL Urea sales during Jan-Jun 2016 were 155 thousand tonnes, showing an increase of 63% as compared to 95 thousand tonnes sales of corresponding period of 2015 due to higher production. Sona DAP sales during the period were 167 thousand tonnes, 31% lower than 242 thousand tonnes sales of Jan-Jun 2015.

Urea industry sales during Jan-Jun 2016 are estimated to contract substantially to 1,843 thousand tonnes showing a decrease of 36% as compared to 2,868 thousand tonnes sales during the same period of 2015. DAP industry sales during Jan-Jun 2016 are estimated at 497 thousand tonnes, 5% higher than 474 thousand tonnes sales of 2015.

Due to poor off-take and high production, there were no urea imports during Jan-Jun 2016 as compared to imports of 305 thousand tonnes during Jan-Jun 2015. Industry urea inventory at end of half year piled up to 1.65 million tonnes resulting in instability in off-take price. Low wheat price also affected farmer economics by denting their purchasing power.

During Jan-Jun 2016 FFBL share in Urea and DAP market is estimated to be 8.4% and 33.5% respectively.

FFBL's financial results for the period Jan-Jun 2016 have shown a gross loss of Rs. 337 million as compared to gross profit of Rs 2,903 million in the corresponding period. Net loss for the period is Rs. 895 million as against net profit of Rs. 758 million in the corresponding period. The main reason is substantially low off-take of DAP due to withdrawal of subsidy on DAP from May 27, 2016 and delay in announcement and implementation of subsidy on DAP and Urea by GoP for financial year 2016-2017. This has adversely affected industry as well as Company's sales

during the period. Secondly, the contribution of Rs. 50/bag on Urea by the industry has further increased loss of FFBL. Other factors include increased carrying cost of high inventory levels and reduced margins due to impact of cost of Gas Infrastructure Development Cess (GIDC) on fuel and feed gas, which FFBL did not pass on to its customers.

Selling and distribution expenses have increased due to increased despatches to storage godowns resulting from increased production during the period as compared to the corresponding period. Financial charges increased due to carrying cost of inventory and delayed payment of subsidy claim by GoP. Other income mainly includes dividend received from Askari Bank Limited and Fauji Cement Company Limited and GoP subsidy on DAP and Urea. Resultantly, Company's loss per share at June 30, 2016 stood at Re. 0.96 against EPS of Re. 0.81 in the corresponding period of previous year.

The overall performance of PMP plant remained satisfactory for the period Jan-Jun 2016. PMP produced 228 thousand tonnes of  $P_2O_5$  during the said period. PMP reported a net profit of MAD 15 million for the first quarter ended March 31, 2016. The main reasons for profit are higher volume of sales and improved margins.

Sale of DAP and Urea have lately picked up. The Company is expected to perform better in the second half of the year with better results for its stakeholders by the year end.

Consistent gas supply is still a challenge for fertilizer sector in the days to come. FFBL is continuing its efforts with Ministry of Petroleum and SSGCL for further improvement of gas supply up to the contracted quantity.

For and on behalf of the Board



Islamabad  
July 26, 2016

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

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

## Introduction

We have reviewed the accompanying condensed interim balance sheet of Fauji Fertilizer Bin Qasim Limited ("the Company") as at June 30, 2016, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the accounts for the six month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

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

## Conclusion

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

## Other Matters

The financial statements of the Company for the year ended December 31, 2015 and condensed interim financial information for the six months ended June 30, 2015 were audited and reviewed, respectively, by another firm of Chartered Accountants, whose audit report dated January 26, 2016 and review report dated July 29, 2015 expressed an unqualified opinion on the financial statements of the Company for the year ended December 31, 2015 and also expressed an unqualified conclusion on the six months condensed interim financial information, for the period ended June 30, 2015, respectively.

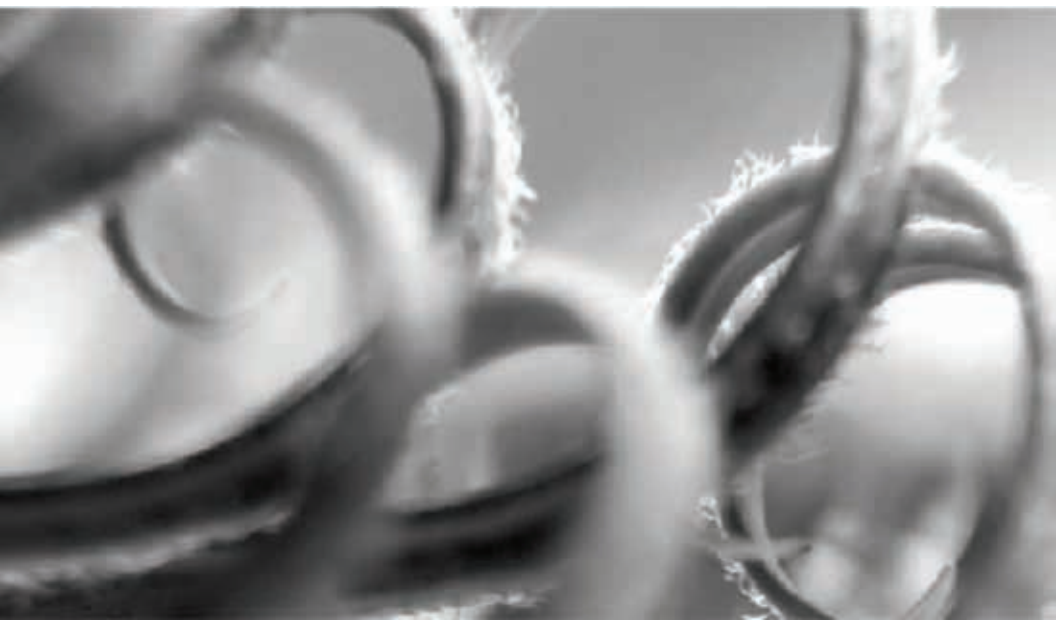
Islamabad  
Dated: July 26, 2016

**Ernst & Young Ford Rhodes Sidat Hyder**  
Chartered Accountants  
Review Engagement Partner's Name: Khayyam Mushir





# Condensed Interim Financial Information



# CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2016

		Un - audited June 30, 2016	Audited December 31, 2015
Note		(Rupees ‘000)	
<b>EQUITY AND LIABILITIES</b>			
<b>ISSUED SHARE CAPITAL AND RESERVES</b>			
		9,341,100	9,341,100
		228,350	228,350
		967,743	4,711,566
		10,537,193	14,281,016
<b>NON-CURRENT LIABILITIES</b>			
	5	6,458,300	9,375,000
	7	2,280,218	2,734,408
		8,738,518	12,109,408
<b>CURRENT LIABILITIES</b>			
		11,889,581	12,828,378
		384,553	279,593
	8	30,418,410	17,987,560
	5	3,541,700	625,000
	6	648,200	1,296,401
		46,882,444	33,016,932
		66,158,155	59,407,356
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		

The annexed notes, from 1 to 22, form an integral part of this condensed interim financial information.

		Un - audited June 30, 2016	Audited December 31, 2015
	Note	(Rupees ‘000)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	11,898,050	12,126,103
Long-term investments	11	20,080,819	17,894,621
Long-term deposits		78,643	78,643
Long-term loans	12	45,150	-
		32,102,662	30,099,367
<b>CURRENT ASSETS</b>			
Stores and spares		2,513,323	2,473,487
Stock-in-trade		14,255,097	4,549,432
Trade debts		1,962,411	1,024,702
Advances		659,532	797,346
Trade deposits and short-term prepayments		89,099	40,609
Interest accrued		42,965	51,781
Other receivables	13	4,122,779	4,871,072
Income tax refundable-net		1,886,187	823,321
Sales tax refundable		2,645,845	1,128,203
Short-term investments	14	1,316,531	4,607,748
Cash and bank balances	15	4,561,724	8,940,288
		34,055,493	29,307,989
		66,158,155	59,407,356

  
CHAIRMAN

  
CHIEF EXECUTIVE

  
DIRECTOR

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2016

	Note	Quarter ended June 30,		Half year ended June 30,	
		2016	2015	2016	2015
		(Rupees '000)		(Rupees '000)	
Sales - net		7,459,162	12,194,973	11,873,283	17,993,914
Cost of sales	16	(7,099,310)	(10,002,003)	(12,209,964)	(15,090,511)
<b>Gross profit / (loss)</b>		<b>359,852</b>	2,192,970	<b>(336,681)</b>	2,903,403
Selling and distribution expenses		(932,850)	(954,095)	(1,610,219)	(1,446,208)
Administrative expenses		(366,533)	(374,963)	(714,151)	(649,746)
		(939,531)	863,912	(2,661,051)	807,449
Finance costs		(546,438)	(419,187)	(952,139)	(840,304)
Other operating expenses		(456)	(45,335)	(1,358)	(50,308)
		(1,486,425)	399,390	(3,614,548)	(83,163)
Other income	17	1,215,774	176,011	2,468,796	745,919
<b>(Loss) / profit before taxation</b>		<b>(270,651)</b>	575,401	<b>(1,145,752)</b>	662,756
Taxation	18	(110,415)	84,842	250,965	95,609
<b>(Loss) / profit after taxation</b>		<b>(381,066)</b>	660,243	<b>(894,787)</b>	758,365
<b>(Loss) / earnings per share-basic and diluted (Rupees)</b>		<b>(0.41)</b>	0.71	<b>(0.96)</b>	0.81

The annexed notes, from 1 to 22, form an integral part of this condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2016**

	Quarter ended June 30,		Half year ended June 30,	
	2016	2015	2016	2015
	(Rupees '000)		(Rupees '000)	
(Loss) / profit after taxation	(381,066)	660,243	(894,787)	758,365
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss) / income</b>	<b>(381,066)</b>	<b>660,243</b>	<b>(894,787)</b>	<b>758,365</b>

The annexed notes, from 1 to 22, form an integral part of this condensed interim financial information.

  
**CHAIRMAN**

  
**CHIEF EXECUTIVE**

  
**DIRECTOR**

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2016

	Note	2016 (Rupees '000)	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	19	(12,274,934)	(5,060,130)
Income tax paid		(1,292,672)	(1,442,607)
Contribution from Gratuity Fund		4,151	3,268
Finance cost paid		(831,449)	(644,875)
Compensated absences paid		(11,467)	(15,307)
Receipt from / (payment to) Workers' (Profit) Participation Fund		10,971	(20,557)
Net cash used in operating activities		(14,395,400)	(7,180,208)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(494,867)	(425,805)
Long-term investments		(2,186,198)	(4,868,505)
Sale proceeds of property, plant and equipment		2,129	6,845
Dividend received		372,668	290,634
Proceeds from short-term investments		-	8,114,763
Long-term loan disbursed		(45,150)	-
Profit received on bank balances and term deposits		140,078	111,885
Net cash (used in) / generated from investing activities		(2,211,340)	3,229,817
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Deferred Government assistance payment		(648,201)	(648,201)
Short-term borrowings - net		5,360,051	3,900,000
Dividend paid		(2,845,690)	(2,261,279)
Net cash generated from financing activities		1,866,160	990,520
Net decrease in cash and cash equivalents		(14,740,580)	(2,959,871)
Cash and cash equivalents at the beginning of the period		9,260,476	5,137,262
Cash and cash equivalents at the end of the period		(5,480,104)	2,177,391
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents included in the statement of cash flows comprises the following balance sheet amounts:			
- Cash and bank balances		4,561,724	6,766,876
- Short term highly liquid investments		1,316,531	400,000
- Short term running finance	8	(11,358,359)	(4,989,485)
		(5,480,104)	2,177,391

The annexed notes, from 1 to 22, 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 HALF YEAR ENDED JUNE 30, 2016

	Share capital	Capital reserve	Accumulated profit	Total
	(Rupees '000)			
Balance as at January 01, 2015	9,341,100	228,350	3,502,187	13,071,637
<b>Total comprehensive income</b>				
Profit for the period after taxation	-	-	758,365	758,365
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	758,365	758,365

## Transactions with owners, recorded directly in equity

### Distributions to owners

Final dividend 2014 (Rs. 2.25 per ordinary share)	-	-	(2,101,748)	(2,101,748)
Total transactions with owners	-	-	(2,101,748)	(2,101,748)
<b>Balance as at June 30, 2015</b>	<b>9,341,100</b>	<b>228,350</b>	<b>2,158,804</b>	<b>11,728,254</b>

Balance as at January 01, 2016	9,341,100	228,350	4,711,566	14,281,016
<b>Total comprehensive income</b>				
Loss for the period after taxation	-	-	(894,787)	(894,787)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(894,787)	(894,787)

## Transactions with owners, recorded directly in equity

### Distributions to owners

Final dividend 2015 (Rs. 3.05 per ordinary share)	-	-	(2,849,036)	(2,849,036)
Total transactions with owners	-	-	(2,849,036)	(2,849,036)
<b>Balance as at June 30, 2016</b>	<b>9,341,100</b>	<b>228,350</b>	<b>967,743</b>	<b>10,537,193</b>

The annexed notes, from 1 to 22, 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 HALF YEAR ENDED JUNE 30, 2016

## 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. 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 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 six months ended June 30, 2016, 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, 2015. The comparative Balance Sheet is extracted from the annual financial statements, as of December 31, 2015, whereas the comparative Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity are extracted from the unaudited condensed interim financial information, for the half year ended June 30, 2015. 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 (PSX), formerly known as Islamabad, Karachi and Lahore Stock Exchanges of Pakistan. The consolidated interim financial information of the Company is prepared separately.

The figures of the condensed interim profit and loss account for the Half year ended June 30, 2016 and June 30, 2015 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the six month periods ended June 30, 2016 and June 30, 2015.

In the 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, 2015.

4. Status of significant shareholdings as at June 30, 2016 is given below:

	Shares	Percentage
Fauji Fertilizer Company Limited	465,891,896	49.88
Fauji Foundation	170,842,386	18.29
	<b>Un - audited June 30, 2016</b>	<b>Audited December 31, 2015</b>
<b>Note</b>	<b>(Rupees '000)</b>	

## 5. LONG-TERM LOANS

Loans from banking companies-secured	5.1	10,000,000	10,000,000
Less: Current portion shown under current liabilities		3,541,700	625,000
		<b>6,458,300</b>	<b>9,375,000</b>

5.1 This includes an amount of Rs. 1,500 million (December 31, 2015: Rs. 1,500 million) obtained under Master Istisna Agreement from Meezan Bank Limited.



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

		Un - audited June 30, 2016	Audited December 31, 2015
	Note	(Rupees '000)	
<b>6. DEFERRED GOVERNMENT ASSISTANCE</b>			
Deferred Government assistance from Government of Pakistan		648,200	1,298,539
Less: Current portion shown under current liabilities		648,200	1,296,401
		-	2,138
Deferred Government assistance		-	(2,138)
		-	-
<b>7. DEFERRED LIABILITIES</b>			
Compensated leave absences		466,523	439,942
Deferred taxation - net	7.1	1,813,695	2,294,466
		2,280,218	2,734,408
<b>7.1</b> The balance of deferred tax is in respect of the following temporary differences:			
<b>Credit arising in respect of:</b>			
Accelerated depreciation		2,181,154	2,344,293
<b>Debits arising on account of:</b>			
Provision for inventory obsolescence		(26,067)	(49,827)
Unabsorbed losses		(341,392)	-
		1,813,695	2,294,466
<b>8. SHORT TERM BORROWINGS - SECURED</b>			
Running finance		11,358,359	4,287,560
Demand finance		19,060,051	13,700,000
	8.1	30,418,410	17,987,560
<b>8.1</b> This includes an amount of Rs. 3,545.24 million (December 31, 2015: Rs. 3,050 million) obtained under Islamic mode of financing.			
<b>9. CONTINGENCIES AND COMMITMENTS</b>			
<b>Contingencies</b>			
i) Guarantees issued by banks on behalf of the Company		88,125	55,612
<b>Commitments</b>			
i) Capital expenditures - contracted.		885,475	830,063
ii) Outstanding letters of credit for purchase of stores, spares and raw materials		1,069,483	859,046
<b>10. PROPERTY, PLANT AND EQUIPMENT</b>			
Opening written down value		12,126,103	12,202,673
Additions during the period / year		494,867	1,330,544
Disposals during the period / year		(6,618)	(49,456)
Depreciation during the period / year		(721,738)	(1,398,223)
Depreciation charged on disposals during the period / year		5,436	40,565
Closing written down value		11,898,050	12,126,103

		Un - audited June 30, 2016	Audited December 31, 2015
	Note	(Rupees '000)	
<b>11. LONG-TERM INVESTMENTS</b>			
Investment in joint venture - at cost	11.1	1,411,150	1,411,150
Investment in associates - at cost	11.2	7,991,556	8,471,413
Investment in subsidiaries - at cost	11.3	10,678,113	8,012,058
Other long-term investments	11.4	-	-
		<b>20,080,819</b>	<b>17,894,621</b>
<b>11.1 Investment in joint venture - at cost</b>			
Pakistan Maroc Phosphore S.A, Morocco (PMP)		1,411,150	1,411,150
<b>11.2 Investment in associates - at cost</b>			
<b>Quoted</b>			
Fauji Cement Company Limited (FCCL)		300,000	300,000
Askari Bank Limited (AKBL)		5,230,991	5,230,991
Fauji Foods Limited (formerly Noon Pakistan Limited)	11.3.1	-	479,857
<b>Un-quoted</b>			
Foundation Wind Energy - I Limited (FWE-I)			
Shares		1,225,873	740,374
Share deposit money		-	485,499
		<b>1,225,873</b>	<b>1,225,873</b>
Foundation Wind Energy - II (Pvt) Limited (FWE-II)			
Shares		1,234,692	687,935
Share deposit money		-	546,757
		<b>1,234,692</b>	<b>1,234,692</b>
		<b>7,991,556</b>	<b>8,471,413</b>
<b>11.3 Investment in subsidiaries - at cost</b>			
<b>Quoted</b>			
Fauji Foods Limited (formerly Noon Pakistan Limited)	11.3.1	2,663,924	-
<b>Un-quoted</b>			
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		13,367	11,236
		<b>298,564</b>	<b>296,433</b>
FFBL Power Company Limited (FPCL)			
Shares		5,465,625	5,167,500
Share deposit money		-	298,125
		<b>5,465,625</b>	<b>5,465,625</b>
		<b>10,678,113</b>	<b>8,012,058</b>
<b>11.3.1</b>	During the period, the Company acquired further shares and subscribed to a right issue by Fauji Foods Limited (formerly Noon Pakistan limited) and the Company now holds 49.12% (December 31, 2015: 38.25%) voting share and 56.94% (December 31, 2015: 38.25%) non-voting shares.		
<b>11.4 Investment - available for sale - unquoted</b>			
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
		<b>-</b>	<b>-</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

### 12. LONG-TERM LOANS

During the period, the Company has provided Rs. 45.15 million (December 31, 2015: Nil) 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.

### 13. OTHER RECEIVABLES

This includes an amount of Rs. 2,481 million (December 31, 2015: Rs. 536 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.

### 14. SHORT-TERM INVESTMENTS

The balance at the period end represents investments in Term Deposit Receipts of various banks, having maturity periods upto 3 months and carrying mark-up / profit between 4.75% to 6.00% per annum (December 31, 2015: 6.00% to 8.50% per annum). Further, deposits amounting to Rs. 316.53 million (December 31, 2015: Rs. 507.75 million) are placed under arrangements permissible under Shariah.

### 15. CASH AND BANK BALANCES

This includes an amount of Rs. 1,354.34 million (December 31, 2015: Rs. 903.08 million) placed under arrangements permissible under Shariah. Further, an amount of Rs. 3,070.19 million (December 31, 2015: Rs. 7,866.23 million) has been placed under other mark-up arrangements.

### 16. COST OF SALES

	Un - audited Quarter ended Jun 30,		Un - audited Half Year ended June 30,	
	2016	2015	2016	2015
	(Rupees '000)		(Rupees '000)	
Raw materials consumed	9,232,401	10,241,106	17,297,704	16,158,779
Packing materials consumed	168,659	153,365	275,954	243,367
Fuel and power	1,058,115	942,513	1,933,119	1,510,617
Chemicals and supplies consumed	58,223	61,527	100,033	110,251
Salaries, wages and benefits	369,587	566,915	728,110	837,611
Rent, rates and taxes	5,866	5,967	11,997	12,319
Insurance	26,588	25,383	51,331	50,288
Travel and conveyance	36,344	44,016	63,977	68,988
Repairs and maintenance	197,744	170,149	781,898	578,152
Communication, establishment and other expenses	30,591	28,806	62,775	49,308
Depreciation	342,420	333,483	682,051	665,707
Opening stock - work in process	56,638	41,642	108,069	103,341
Closing stock - work in process	(56,976)	(54,973)	(56,976)	(54,973)
Cost of goods manufactured	11,526,200	12,559,899	22,040,042	20,333,755
Opening stock - finished goods	7,053,748	2,963,300	1,650,560	277,952
Closing stock - finished goods	(11,480,638)	(5,521,196)	(11,480,638)	(5,521,196)
Cost of sales	7,099,310	10,002,003	12,209,964	15,090,511

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

		Un - audited		Un - audited	
		Quarter ended June 30,		Half year ended June 30,	
		2016	2015	2016	2015
	Note	(Rupees '000)		(Rupees '000)	
<b>17. OTHER INCOME</b>					
Profit on bank balances and term deposits	17.1	<b>42,941</b>	51,017	<b>130,655</b>	111,954
Gain / dividend from mutual funds and other investments	17.2	-	108,071	<b>100</b>	314,646
Provision written back		-	-	<b>77,502</b>	-
Dividend received - FCCL		-	-	<b>32,813</b>	18,750
Dividend received - AKBL		-	-	<b>339,855</b>	271,884
Subsidy income on DAP		<b>886,776</b>	-	<b>1,595,033</b>	-
Subsidy income on Urea		<b>241,489</b>	-	<b>241,489</b>	-
Mark-up on sub-ordinated loans		<b>507</b>	-	<b>507</b>	-
Guarantee fee		<b>14,007</b>	-	<b>14,007</b>	-
Scrap sale and other receipts		<b>13,377</b>	15,531	<b>20,158</b>	27,294
Exchange gain on currency translations / transactions		<b>15,730</b>	-	<b>15,730</b>	-
Gain on sale of property, plant & equipment		<b>947</b>	1,392	<b>947</b>	1,391
		<b>1,215,774</b>	176,011	<b>2,468,796</b>	745,919

**17.1** This includes an amount of Rs. 25.97 million (2015: Rs. 13.29 million) earned under arrangements permissible under Shariah.

**17.2** This includes an amount of Rs. Nil (2015: Rs. 4.24 million) realized under arrangements permissible under Shariah.

## 18. TAXATION

Current tax	18.1	<b>515,291</b>	356,311	<b>229,806</b>	411,197
Deferred tax		<b>(404,876)</b>	(441,153)	<b>(480,771)</b>	(506,806)
		<b>110,415</b>	(84,842)	<b>(250,965)</b>	(95,609)

**18.1** This includes an amount of Rs. 183 million recognized as super tax @ 3% on the taxable income for the tax year 2016.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

Un - audited  
Half year ended June, 30

	2016	2015
	(Rupees '000)	
<b>19. CASH USED IN OPERATIONS</b>		
(Loss) / profit before taxation from ordinary activities	(1,145,752)	662,756
<b>Adjustment for non-cash charges and other items:</b>		
Provision for gratuity	40,476	40,217
Exchange (gain) / loss	(15,730)	56,531
Provision for compensated absences	38,048	27,503
Provision for Workers' (Profit) Participation Fund	-	35,580
Provision for Workers' Welfare Fund	-	13,255
Depreciation	721,738	694,426
Finance cost	952,139	783,773
Mark-up on sub-ordinated loans	(507)	-
Profit on bank balances and term deposits	(130,755)	(111,954)
Dividend from associates	(372,668)	(290,634)
Gain on sale of investments	-	(314,646)
Gain on disposal of property, plant and equipment	(947)	(1,392)
<b>Operating profit before working capital changes</b>	<b>86,042</b>	<b>1,595,415</b>
<b>Changes in working capital</b>		
Stores and spares	(39,836)	28,108
Stock-in-trade	(9,705,665)	(7,100,573)
Trade debts	(937,709)	(141,280)
Advances	137,814	237,640
Trade deposits and short-term prepayments	(48,490)	(80,078)
Other receivables	748,293	(2,003,329)
Sales tax refundable	(1,517,642)	(121,873)
Trade and other payables	(997,741)	2,525,840
	<b>(12,360,976)</b>	<b>(6,655,545)</b>
Cash used in operations	<b>(12,274,934)</b>	<b>(5,060,130)</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

Un - audited	
Half year ended June 30,	
2016	2015
(Rupees '000)	

### 20. RELATED PARTY TRANSACTIONS

Significant transactions and balances with related parties are as follows:

#### Transactions with subsidiary companies

Investment in Fauji Meat Limited (FML)	-	828,652
Investment in FFBL Foods Limited	2,131	7,108
Investment in Fauji Foods Limited (FFL)	2,184,067	-
Services provided to Fauji Foods Limited (FFL)	16,396	-
Investment in FFBL Power Company Limited (FPCL)	-	4,147,176

#### Transactions with associated undertakings

Services and material acquired	463,430	332,659
Services and material provided	1,763	-
Commission charged to the Company	6,433	6,729
Dividend paid	1,942,040	1,432,652
Rent charged to the Company	378	700
Profit on bank balances (AKBL)	20,774	13,775
Receipts under consignment account (FFCL)	10,465,622	17,710,356
Balance receivable -unsecured (FFCL)	2,481,081	536,643 *
Interest from FWE-I and FWE-II	507	-
Guarantee fee from FWE-I and FWE-II	14,007	-
Balances at bank (AKBL)	422,550	2,781,914 *

#### Transactions with joint venture:

Purchase of raw materials	12,484,479	14,168,794
Expenses incurred on behalf of joint venture	8,317	4,288
Balance payable - secured	5,421,959	5,762,811 *
Balance receivable - unsecured	16,397	35,503 *

#### Other related parties:

Contribution to Provident Fund	31,667	29,575
Contribution to Gratuity Fund	40,477	40,217
Remuneration including benefits and perquisites of Chief Executive Officer and executives	209,772	126,083
No of persons 2016 : 1 and 25. ( 2015 : 1 and 18 )		
(Receipt) / payment to Workers' (Profit) Participation Fund	(10,971)	20,557
Balance payable - unsecured (WWF and WPPF)	1,053,074	1,042,103 *
Payabel to Gratuity Fund	329,194	284,566 *

\* These balances represent the position as at December 31, 2015 (audited) and June 30, 2016 (un-audited).

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

### 21. DATE OF AUTHORIZATION FOR ISSUE

**21.1** This condensed interim financial information was authorized for issue on July 26, 2016 by the Board of Directors of the Company.

### 22. GENERAL

**22.1** Figures have been rounded off to the nearest thousand rupees.

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



**CHAIRMAN**



**CHIEF EXECUTIVE**

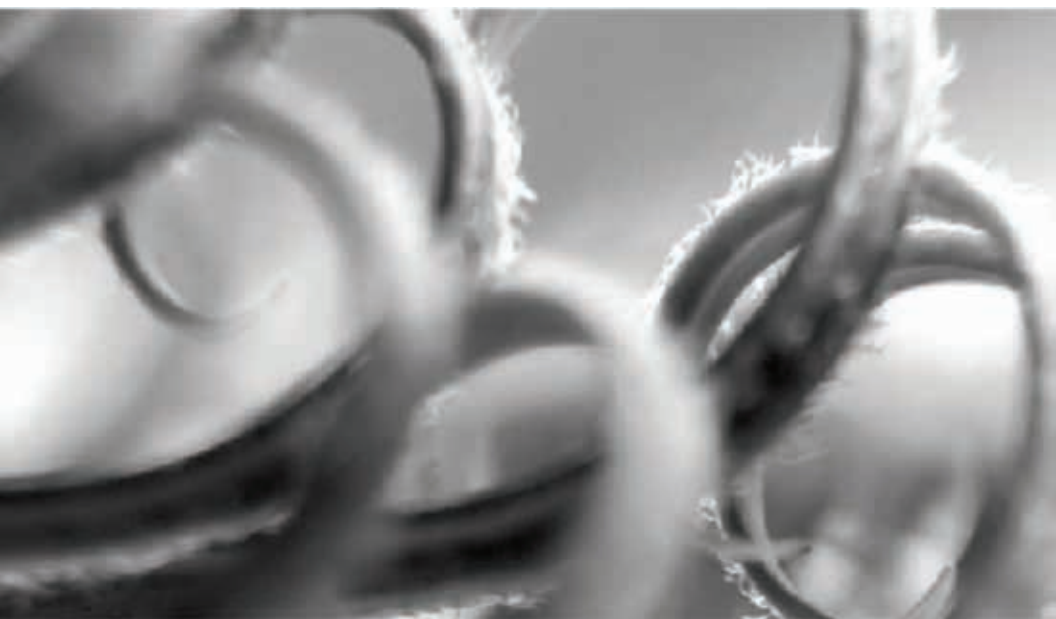


**DIRECTOR**





# Condensed Interim Consolidated Financial Information



# CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2016

		Un - audited June 30, 2016	Audited December 31, 2015
Note		(Rupees '000)	
<b>EQUITY AND LIABILITIES</b>			
<b>ISSUED SHARE CAPITAL AND RESERVES</b>			
	Issued, subscribed & paid up capital	<b>9,341,100</b>	9,341,100
	Capital reserve	<b>228,350</b>	228,350
	Revaluation reserve on available for sale investments	<b>761,472</b>	482,449
	Statutory reserve	<b>449,913</b>	355,039
	Translation reserve	<b>729,492</b>	711,110
	Accumulated profit	<b>2,283,313</b>	5,757,067
		<b>13,793,640</b>	16,875,115
<b>Non-Controlling Interest</b>		<b>2,493,316</b>	2,565,620
		<b>16,286,956</b>	19,440,735
<b>NON-CURRENT LIABILITIES</b>			
	Long-term loans	5 <b>24,100,946</b>	13,075,000
	Deferred liabilities	7 <b>2,579,957</b>	3,005,138
		<b>26,680,903</b>	16,080,138
<b>CURRENT LIABILITIES</b>			
	Trade and other payables	<b>12,916,141</b>	13,025,985
	Mark-up accrued	<b>607,558</b>	433,269
	Short-term borrowings	<b>30,418,410</b>	25,336,060
	Current portion of long term-loans	5 <b>3,541,700</b>	625,000
	Current portion of deferred Government assistance	6 <b>648,201</b>	1,296,401
		<b>48,132,010</b>	40,716,715
		<b>91,099,869</b>	76,237,588
<b>CONTINGENCIES AND COMMITMENTS</b>			
		8	

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

		Un - audited June 30, 2016	Audited December 31, 2015
	Note	(Rupees ‘000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	37,613,379	29,519,433
Long-term investments	10	15,953,485	12,823,721
Long-term deposits		78,643	78,643
Long-term loans	11	45,150	-
		53,690,657	42,421,797
CURRENT ASSETS			
Stores and spares		2,520,821	2,473,577
Stock-in-trade		14,273,975	4,549,432
Trade debts		2,009,479	1,024,702
Advances		716,159	802,555
Trade deposits and short-term prepayments		182,522	126,795
Interest accrued		42,965	51,781
Other receivables	12	4,122,811	4,871,604
Unamortized transaction cost		-	330,394
Income tax refundable - net		2,136,989	1,110,582
Sales tax refundable		3,255,677	1,439,978
Short-term investments	13	1,316,531	4,607,748
Cash and bank balances		6,831,283	12,426,643
		37,409,212	33,815,791
		91,099,869	76,237,588

  
CHAIRMAN


  
CHIEF EXECUTIVE

  
DIRECTOR

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2016**

	Note	Quarter ended June 30,		Half year ended June 30,	
		2016	2015	2016	2015
		(Rupees '000)		(Rupees '000)	
Sales - net		7,566,899	12,194,973	11,981,020	17,993,914
Cost of sales	14	(7,317,605)	(10,002,006)	(12,428,258)	(15,090,512)
<b>Gross profit / (loss)</b>		<b>249,294</b>	2,192,967	<b>(447,238)</b>	2,903,402
Selling and distribution expenses		(972,522)	(954,095)	(1,649,891)	(1,446,208)
Administrative expenses		(400,574)	(392,232)	(758,446)	(685,272)
		(1,123,802)	846,640	(2,855,575)	771,922
Finance costs		(633,923)	(421,002)	(1,041,908)	(842,499)
Other operating expenses		(456)	(75,944)	(1,358)	(81,905)
		(1,758,181)	349,694	(3,898,841)	(152,482)
Other income					
Share of profit of associates and joint venture - net	15	176,426	440,601	978,811	750,994
Others		1,226,483	194,821	2,119,154	477,877
		1,402,909	635,422	3,097,965	1,228,871
<b>(Loss) / profit before taxation</b>		<b>(355,272)</b>	985,116	<b>(800,876)</b>	1,076,389
Taxation	16	(265,991)	196,497	198,728	219,393
<b>(Loss) / profit after taxation</b>		<b>(621,263)</b>	1,181,613	<b>(602,148)</b>	1,295,782
Attributable to:					
- Owners of the holding company		(552,927)	-	(529,844)	-
- Non-controlling interest		(68,336)	-	(72,304)	-
		(621,263)	-	(602,148)	-
<b>(Loss) / earnings per share - basic and diluted (Rupees)</b>		<b>(0.67)</b>	1.26	<b>(0.64)</b>	1.39

The annexed notes, from 1 to 20, 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 HALF YEAR ENDED JUNE 30, 2016**

	Quarter ended June 30,		Half year ended June 30,	
	2016	2015	2016	2015
	(Rupees '000)		(Rupees '000)	
<b>(Loss) / profit after taxation</b>	<b>(621,263)</b>	1,181,613	<b>(602,148)</b>	1,295,782
<b>Other comprehensive income</b>				
Exchange difference on translating a joint venture	<b>(69,705)</b>	(242,291)	<b>17,630</b>	(349,251)
Effect of translation - share of Askari Bank Limited under equity method	<b>10</b>	630	<b>753</b>	(297)
Revaluation reserve on available for sale investments	<b>23,031</b>	-	-	-
<b>Total comprehensive (loss) / income</b>	<b>(667,927)</b>	939,952	<b>(583,765)</b>	946,234

The annexed notes 1 to 20 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 HALF YEAR ENDED JUNE 30, 2016**

FOR THE HALF YEAR ENDED JUNE 30, 2015

		2016	2015
	Note	(Rupees '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	17	(11,699,611)	(4,860,900)
Income tax paid		(1,279,609)	(1,643,574)
(Payment to) / contribution from Gratuity Fund		(18,242)	3,268
Finance cost paid		(867,619)	(647,070)
Compensated absences paid		13,657	(15,307)
Payment to Workers Welfare Fund		-	(180)
Receipt from / (payment to) Workers' (Profit) Participation Fund		10,971	(11,218)
Net cash used in operating activities		(13,840,453)	(7,174,981)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(8,885,197)	(5,037,768)
Long-term investments		(2,184,067)	-
Long-term loans		(45,150)	-
Dividend received		372,668	-
Sale proceeds of property, plant and equipment		2,129	6,845
Short term investments		-	8,114,763
Profit received on bank balances and term deposits		162,388	116,549
Net cash (used in) / generated from investing activities		(10,577,229)	3,200,389
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short-term borrowings - net		5,360,051	3,900,000
Deferred Government assistance payment		(648,201)	(648,201)
Long-term loans		13,942,646	1,100,000
Dividend paid		(2,845,690)	(2,261,279)
Net cash generated from financing activities		15,808,806	2,090,520
Net decrease in cash and cash equivalents		(8,608,876)	(1,884,072)
Cash and cash equivalents at the beginning of the period		5,398,331	5,566,840
Cash and cash equivalents at the end of the period		(3,210,545)	3,682,768
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents included in the statement of cash flows comprises the following balance sheet amounts:			
- Cash and bank balances		6,831,283	12,272,253
- Short-term highly liquid investments		1,316,531	400,000
- Short-term running finance		(11,358,359)	(8,989,485)
		(3,210,545)	3,682,768

The annexed notes 1 to 20 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 HALF YEAR ENDED JUNE 30, 2016**

		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, 2015	9,341,100	228,350	-	6,380	904,466	3,773,055	-	14,253,351
<b>Total comprehensive income</b>								
Profit for the period after taxation	-	-	-	-	-	1,295,782	-	1,295,782
Other comprehensive income for the period	-	-	-	-	(349,548)	-	-	(349,548)
Total comprehensive income for the period	-	-	-	-	(349,548)	1,295,782	-	946,234
<b>Transactions with owners, recorded directly in equity</b>								
<b>Distributions to owners</b>								
Final dividend 2014 (Rs. 2.25 per ordinary share)	-	-	-	-	-	(2,101,748)	-	(2,101,748)
Total transactions with owners	-	-	-	-	-	(2,101,748)	-	(2,101,748)
<b>Balance as at June 30, 2015</b>	9,341,100	228,350	-	6,380	554,918	2,967,089	-	13,097,837

Balance as at January 01, 2016	9,341,100	228,350	482,449	355,039	711,110	5,757,067	2,565,620	19,440,735
<b>Total comprehensive income</b>								
Loss for the period after taxation	-	-	-	-	-	(529,844)	-	(529,844)
Other comprehensive income for the period	-	-	279,023	-	18,382	-	(72,304)	225,101
Transfer to statutory reserve	-	-	-	94,874	-	(94,874)	-	-
Total comprehensive income for the period	-	-	279,023	94,874	18,382	(624,718)	(72,304)	(304,743)
<b>Transactions with owners, recorded directly in equity</b>								
<b>Distributions to owners</b>								
Final dividend 2015 (Rs. 3.05 per ordinary share)	-	-	-	-	-	(2,849,036)	-	(2,849,036)
Total transactions with owners	-	-	-	-	-	(2,849,036)	-	(2,849,036)
<b>Balance as at June 30, 2016</b>	<b>9,341,100</b>	<b>228,350</b>	<b>761,472</b>	<b>449,913</b>	<b>729,492</b>	<b>2,283,313</b>	<b>2,493,316</b>	<b>16,286,956</b>

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

  
LAURIE  
CHAIRMAN

  
CHIEF EXECUTIVE

  
DIRECTOR

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2016

### 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 the Karachi, Lahore and Islamabad stock exchanges in Pakistan. However, due to integration of these stock exchanges into Pakistan Stock Exchange (PSX) effective January 11, 2016 the shares of the company are now quoted on the Pakistan Stock Exchange (PSX). The registered office of FFBL is situated at FFBL Tower, C1/C2, Sector B, Jinnah Boulevard, DHA II, Islamabad, Pakistan. The principal objective of FFBL is manufacturing, purchasing and marketing of fertilizers. FFBL commenced its commercial production effective January 1, 2000.

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

### 2. BASIS OF PREPARATION

This condensed interim consolidated financial report 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 half year ended June 30, 2016 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 consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2015. Comparative consolidated balance sheet is extracted from annual consolidated financial statements as of December 31, 2015 whereas comparative consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity are extracted from unaudited condensed interim consolidated financial information of FFBL and its subsidiaries for the half year ended June 30, 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 (PSX) formerly known as Islamabad, Karachi and Lahore Stock Exchanges.

### 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, 2015.

### 4. Group consists of following subsidiary companies:

	Shares	Percentage
Fauji Meat Limited	225,000,000	75
FFBL Power Company Limited	546,562,500	75
FFBL Foods Limited	28,519,700	100

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.

Un - audited June 30, 2016	Audited December 31, 2015
(Rupees '000)	

### 5. LONG-TERM LOANS

Loans from banking companies-secured	27,642,646	13,700,000
Less: Current portion shown under current liabilities	3,541,700	625,000
	24,100,946	13,075,000



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

		Un - audited June 30, 2016	Audited December 31, 2015
Note		(Rupees '000)	
<b>6. DEFERRED GOVERNMENT ASSISTANCE</b>			
Deferred Government assistance from Government of Pakistan (GoP)		648,201	1,298,539
Less: Current portion shown under current liabilities		648,201	1,296,401
		-	2,138
Deferred Government assistance		-	(2,138)
		-	-
<b>7. DEFERRED LIABILITIES</b>			
Compensated leave absences		466,523	439,942
Deferred taxation - net		7.1 2,113,434	2,565,196
		2,579,957	3,005,138
<b>7.1</b> The balance of deferred tax is in respect of the following major temporary differences:			
<b>Debit arising in respect of:</b>			
Accelerated depreciation		2,181,155	2,344,293
Share of profit of associates - net		230,452	201,844
<b>Credit arising on account of:</b>			
Provision for inventory obsolescence		(26,067)	(49,827)
Deferred tax on revaluation of available for sale investments		69,286	68,886
Provision against doubtful advances		-	-
Unabsorbed losses		(341,392)	-
		2,113,434	2,565,196
<b>8. CONTINGENCIES AND COMMITMENTS</b>			
<b>Contingencies</b>			
i) Guarantees issued by banks on behalf of the Company.		88,125	55,612
ii) Group's share of contingent liabilities of Fauji Cement Company Limited as at March 31, 2016.		30,174	22,153
iii) Group's share of contingent liabilities of Foundation Wind Energy - I Limited as at March 31, 2016.		64,190	63,945
iv) Group's share of contingent liabilities of Foundation Wind Energy - II (Pvt) Limited as at March 31, 2016.		64,190	63,945
v) Group's share of contingent liabilities of Askari Bank Limited as at March 31, 2016.		47,971,053	38,858,428
vi) Group's share of contingent liabilities of Fauji Foods Limited as at March 31, 2016.		7,353	13,727
<b>Commitments</b>			
i) Capital expenditures - contracted.		885,475	830,063
ii) Letters of credit for purchase of stores, spares and raw materials.		1,069,483	859,046
iii) Group's share of commitments for investment in wind power projects.		165,060	164,430
iv) Group's share of commitments of PMP as at March 31, 2016.		11,973	8,080
v) Group's share of commitments of Fauji Meat Limited		465,771	1,988,964
vi) Group's share of commitments of FFBL Power Company Limited		6,357,225	10,584,484
vii) Group's share of commitments of Fauji Cement Company Limited as at March 31, 2016.		2,829	1,795
viii) Group's share of commitments of Fauji Foods Limited as at March 31, 2016.		1,185,113	307,913
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>			
Opening written down value		29,519,433	14,864,264
Additions during the period / year		8,885,197	16,072,516
Disposals during the period / year		(6,618)	(49,456)
Depreciation during the period / year		(787,321)	(1,408,456)
Adjustments during the period / year		(2,748)	-
Depreciation charged on disposals during the period / year		5,436	40,565
Closing written down value		37,613,379	29,519,433

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

		Un - audited June 30, 2016	Audited December 31, 2015
Note		(Rupees '000)	
<b>10. LONG-TERM INVESTMENTS</b>			
	<b>Investment in joint venture - equity method</b>		
	Pakistan Maroc Phosphore S.A, Morocco (PMP)		
	Balance brought forward	3,094,397	2,579,774
	Share of profit	412,788	711,077
	Loss during the year on translation of net assets	19,917	(196,454)
	Closing balance	3,527,102	3,094,397
	<b>Investment in associates - equity method</b>		
	Fauji Cement Company Limited (FCCL)		
	Balance brought forward	379,345	364,800
	Share of profit	43,304	61,420
	Dividend	(32,813)	(46,875)
	Closing balance	389,836	379,345
	Foundation Wind Energy - I Limited (FWE-I)		
	Opening balance	1,244,195	1,102,352
	Advance paid during the year against issue of shares	-	68,343
	Share of profit	64,377	73,500
	Closing balance	1,308,572	1,244,195
	Foundation Wind Energy - II (Pvt) Limited (FWE-II)		
	Opening balance	1,231,217	1,149,908
	Advance paid during the year against issue of shares	-	44,875
	Share of profit	66,394	36,434
	Closing balance	1,297,611	1,231,217
	Askari Bank Limited (AKBL)		
	Opening balance	6,402,579	5,342,681
	Share of profit	478,863	1,051,485
	Dividend	(339,855)	(543,768)
	Revenue reserve on revaluation of available for sale investment - net	318,883	551,370
	Effect of translation	753	811
	Closing balance	6,861,223	6,402,579
	Fauji Foods Limited (Formerly known as Noon Pakistan Limited)		
	Opening balance	471,988	479,857
	Shares issued	2,184,067	-
	Share of loss	(86,914)	(7,869)
	Closing balance	2,569,141	471,988
	<b>Investment - available for sale - unquoted</b>		
	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
		-	-
		<b>15,953,485</b>	<b>12,823,721</b>

**10.1** Fauji Foods Limited (Formerly known as Noon Pakistan Limited) is a subsidiary of FFBL as at June 30, 2016. Exemption has been granted by Securities and Exchange Commission of Pakistan to FFBL from consolidation. Therefore, it has been treated as an associate for this condensed interim consolidated financial information.

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

### 11. LONG-TERM LOANS

During the period, the Company has provided Rs. 45.15 million (December 31, 2015: Nil) as sub-ordinated loans to Foundation Wind Energy- I Limited and Foundation Wind Energy- II Pvt Ltd, at KIBOR + 2 % per annum, on the terms set out in the respective agreements in compliance with section 208 of the company Ordinance 1984. In addition to the above guaranteed facilities have also been provided to Foundation Wind Energy- I Limited and Foundation Wind Energy- II (Pvt) Limited for securing running finance to meet there working capital requirements.

### 12. OTHER RECEIVABLES

This includes an amount of Rs. 2,481 million (December 31, 2015: Rs. 536 million) receivable from Fauji Fertilizer Company Limited, an associated company on account of amount recovered from customers, against sales of the Company's products under an inter-company services agreement.

### 13. SHORT-TERM INVESTMENTS

The balance at the period end includes investments in Term Deposits Receipts of various banks, having maturity periods upto 3 months, and carrying mark-up between 4.75% to 6.00% per annum (December 31, 2015: 6.00% to 8.5% per annum).

### 14. COST OF SALES

	Un - audited		Un - audited	
	Quarter ended June 30,		Half year ended June 30,	
	2016	2015	2016	2015
	(Rupees '000)		(Rupees '000)	
Raw materials consumed	9,311,674	10,241,106	17,376,977	16,158,779
Packing materials consumed	169,784	153,366	277,079	243,367
Fuel and power	1,069,440	942,513	1,944,444	1,510,618
Chemicals and supplies consumed	58,223	61,527	100,033	110,251
Salaries, wages and benefits	417,258	566,915	775,781	837,611
Rent, rates and taxes	10,808	5,967	16,939	12,319
Insurance	31,353	25,383	56,096	50,288
Travel and conveyance	43,428	44,016	71,061	68,988
Repairs and maintenance	201,307	170,151	785,461	578,152
Communication, establishment & other expenses	34,521	28,806	66,705	49,308
Depreciation	403,218	333,483	742,848	665,707
Opening stock - work in process	56,638	41,642	108,069	103,341
Closing stock - work in process	(56,976)	(54,973)	(56,976)	(54,973)
Cost of goods manufactured	11,750,676	12,559,902	22,264,517	20,333,756
Opening stock - finished goods	7,053,748	2,963,300	1,650,560	277,952
Closing stock - finished goods	(11,486,819)	(5,521,196)	(11,486,819)	(5,521,196)
Cost of sales	7,317,605	10,002,006	12,428,258	15,090,512

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

Note	Un - audited		Un - audited	
	Quarter ended June 30,		Half year ended June 30,	
	2016	2015	2016	2015
	(Rupees '000)		(Rupees '000)	
<b>15. OTHER INCOME</b>				
Share of profit / (loss) from associates				
Share of profit - PMP	<b>70,245</b>	180,109	<b>412,788</b>	305,079
Share of (loss) / profit - FWE-I	<b>(49,245)</b>	(2,852)	<b>64,377</b>	(8,202)
Share of (loss) / profit - FWE-II	<b>(55,879)</b>	(24,586)	<b>66,394</b>	(47,290)
Share of profit - FCCL	<b>20,882</b>	13,016	<b>43,303</b>	27,171
Share of profit - AKBL	<b>264,607</b>	274,914	<b>478,863</b>	474,236
Share of loss - Fauji Foods Limited	<b>(74,184)</b>	-	<b>(86,914)</b>	-
	<b>176,426</b>	440,601	<b>978,811</b>	750,994
Profit on bank balances & term deposits	<b>53,359</b>	68,120	<b>152,965</b>	132,851
Provision written back	-	-	<b>77,502</b>	-
Gain on sale of investments	-	109,778	<b>100</b>	316,341
Subsidy Income on DAP	<b>886,776</b>	-	<b>1,595,033</b>	-
Subsidy Income on Urea	<b>241,489</b>	-	<b>241,489</b>	-
Interest and guarantee fee from FWE-I & FWE-II	<b>14,514</b>	-	<b>14,514</b>	-
Scrap sale and other receipts	<b>13,384</b>	15,531	<b>20,381</b>	27,293
Exchange gain	<b>13,973</b>	-	<b>13,973</b>	-
Gain on sale of fixed property, plant & equipment	<b>947</b>	1,392	<b>947</b>	1,392
Misc Income	<b>2,041</b>	-	<b>2,250</b>	-
	<b>1,226,483</b>	194,821	<b>2,119,154</b>	477,877
	<b>1,402,909</b>	635,422	<b>3,097,965</b>	1,228,871
<b>16. TAXATION</b>				
Current tax	16.1 <b>538,687</b>	216,882	<b>253,202</b>	242,708
Deferred tax	<b>(272,696)</b>	(413,379)	<b>(451,930)</b>	(462,101)
	<b>265,991</b>	(196,497)	<b>(198,728)</b>	(219,393)

**16.1** This includes an amount of Rs. 183 million recognized as super tax @ 3% on taxable income for the Tax year 2016.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

		Un - audited	
		Half year ended June 30,	
		2016	2015
		(Rupees '000)	
<b>17. CASH USED IN OPERATIONS</b>			
(Loss) / profit before taxation from ordinary activities	(800,876)	1,076,389	
<b>Adjustment for non-cash charges and other items:</b>			
Provision for gratuity	62,870	40,217	
Exchange (gain) / loss	(13,973)	56,531	
Provision for compensated absences	59,013	27,503	
Provision for obsolete stores	(77,502)	-	
Provision for Workers' (Profit) Participation Fund	-	58,598	
Provision for Workers' Welfare Fund	-	21,830	
Depreciation	787,321	698,609	
Finance cost	1,041,908	785,968	
Profit on bank balances and term deposits	(153,065)	(116,618)	
Profit from associates	(978,812)	(750,994)	
Mark-up on sub-ordinated loans	(507)	-	
Gain on sale of investments	-	(314,646)	
Gain on sale of property, plant and equipment	(947)	(1,392)	
<b>Operating profit before working capital changes</b>	<b>(74,570)</b>	<b>1,581,995</b>	
<b>Changes in working capital</b>			
Stores and spares	(47,244)	40,976	
Stock-in-trade	(9,724,543)	(7,100,573)	
Trade debts	(984,777)	(138,970)	
Advances	86,396	1,409	
Trade deposits and short-term prepayments	(55,727)	(80,972)	
Unamortised transaction cost	330,394	-	
Other receivables	748,793	(1,888,901)	
Sales tax receivable	(1,815,699)	(119,016)	
Trade and other payables	(162,634)	2,843,152	
	<b>(11,625,041)</b>	<b>(6,442,895)</b>	
Cash used in operations	<b>(11,699,611)</b>	<b>(4,860,900)</b>	

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

Un - audited

Half year ended June 30,

2016

2015

(Rupees '000)

## 18. RELATED PARTY TRANSACTIONS

### Transactions with associated undertakings due to common directorship

Services and material acquired	463,430	332,659
Services and material provided	1,763	559
Commission charged to the Company	6,433	6,729
Dividend paid	1,942,040	1,432,652
Rent charged to the Company	378	700
Profit on bank balances (AKBL)	20,774	13,791
Receipts under consignment account (FFCL)	10,465,622	17,710,356
Balance receivable - unsecured (FFCL)	2,481,081	536,643 *
Interest and guarantee free from FWE-I & FWE-II	14,515	-
Balances at bank (AKBL)	422,550	2,781,914 *

### Transactions with joint venture

Purchase of raw materials	12,484,479	14,168,794
Expenses incurred on behalf of joint venture	8,317	4,288
Balance payable - secured	5,421,959	5,762,811 *
Balance receivable - unsecured	15,632	35,503 *

### Other related parties

Contribution to Provident Fund	31,667	29,575
Contribution to Gratuity Fund	40,477	40,217
Remuneration including benefits and perquisites of Chief Executive Officer and executives	209,772	126,083
No of persons 2016 : 1 and 25. ( 2015 : 1 and 18 )		
Payment to Workers' (Profit) Participation Fund	(10,971)	20,557
Balance payable - (WWF+WPPF) unsecured	1,053,074	1,134,392 *
Payable to Gratuity Fund	329,194	284,566 *

\* These balances represent the position as at December 31, 2015 (audited) and June 30, 2016 (un-audited)

## 19. DATE OF AUTHORIZATION FOR ISSUE

19.1 This condensed interim consolidated financial information was authorized for issue on July 26, 2016 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 re-arranged / restated, wherever necessary, for the purpose of comparison.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR







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