

Half Yearly Accounts

2019



FFBL
Fauji Fertilizer Bin Qasim Limited

COMPANY INFORMATION

DIRECTORS

- Lt Gen Syed Tariq Nadeem Gilani, HI(M), (Retd)
Chairman
- Lt Gen Javed Iqbal, HI(M), (Retd)
Chief Executive & Managing Director
- Lt Gen Tariq Khan, HI(M), (Retd)
- Dr Nadeem Inayat
- Maj Gen Tahir Ashraf Khan, HI(M), (Retd)
- Maj Gen Kaleem Saber Taseer, HI(M), (Retd)
- Mr Rehan Laiq
- Brig Hamad Qadir, SI(M), (Retd)
- Syed Iqtidar Saeed
- Mr Naved A. Khan
- Mr Nasier A. Sheikh
- Dr Rashid Bajwa

COMPANY SECRETARY

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

CHIEF FINANCIAL OFFICER

Syed Aamir Ahsan

REGISTERED OFFICE

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

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

E-mail: secretary@ffbl.com

PLANTSITE

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

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

Email: information@ffbl.com

WEB PRESENCE

www.ffbl.com

BANKERS

Habib Bank Limited
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 Limited
Bank Al-Falah Limited
Bank Al-Habib Limited
Silk Bank Limited
The Bank of Punjab

The First Micro finance Bank Limited
Soneri Bank Limited
Summit Bank Limited
JS Bank Limited
Samba Bank Limited
Zarai Taraqati Bank Limited
Industrial Bank of China
The Bank of Khyber
Al-Baraka Bank (Pakistan) Limited
Dubai Islamic Bank Pakistan Limited
Bank Islami Pakistan Limited
Meezan Bank Limited
MCB Islamic Bank Limited

LEGAL ADVISORS

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

AUDITORS

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

SHARES REGISTRAR

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

Directors' Review

For the Half Year Ended June 30, 2019

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, 2019.

Monetary policy of State Bank and covenants under international financing have led to higher discount rate and rupee devaluation. These factors have weighed on the financial performance of FFBL in the form of increased financial charges and exchange loss on imported raw material, resulting in higher-than-expected loss.

Turnaround, production & gas supply

By the grace of Almighty, overall performance of the plants remain satisfactory with 18.62 million safe-man-hours achieved as of June 30, 2019.

Supply of gas to the Company was below the allocated quota, resultantly the average gas curtailment was 6.7% during the period compared to 14.9% in the same period of last year. Provision of power and steam by FFBL Power Company Ltd to FFBL was as per requirement. Production of Ammonia (210 thousand tonnes (kt)) and Urea (215 kt) is lower by 5% and 16% respectively whereas production of DAP (386 kt) is higher by 17% compared with the corresponding period of last year. However, production of Ammonia, Urea and DAP during the second quarter was higher by 11%, 5% and 34% respectively compared with corresponding quarter of last year.

DAP market and sales

The year 2019 started with highest ever industry inventory of 570 kt, which was 123% more than the inventory at the start of 2018. DAP prices remained under pressure due to excess supply situation, however to encourage sales, quantity discount ranging from Rs. 40-60 per bag was extended on Sona DAP.

The expectation of substantial price hike in all fertilizers due to GoP announcements of increase in GST and gas prices during later part of the 1st half, encouraged investments.

Domestic DAP market during the period is estimated at 645 kt, 6% lower as compared to 685 kt during the same period of last year. FFBL's DAP sales of 202 kt and market share of 31% during the period is at par compared with the corresponding period of last year.

Going forward, oversupply situation is expected to be controlled through limited imports, this will help in rebalancing the market and stabilizing and improving prices.

UREA market and sales

Low urea inventories at the start of the year kept urea market on a high. Favourable weather conditions during first quarter also played a positive role in better urea consumption at farmer level but recurrent rains in second quarter affected its application. However, uncertainty about settlement of GIDC and expectation of urea price reduction remained a limiting factor.

During the period, industry domestic sales are estimated at 2,900 kt, 6% higher than 2,730 kt sales for the corresponding period of last year. Estimated industry production of 2,905 kt during the period is 9% higher than 2,660 kt during the corresponding period of last year. Estimated industry inventory at June 30, 2019 is 175 kt.

Urea sales for FFBL during the period were 214 kt as compared to 255 kt of corresponding period of last year, showing a decrease of 16% owing to lower production (on account of gas curtailment) and lower sales in the first quarter of 2019.

Financial results

FFBL's operational results for the half year ended June 30, 2019 show gross profit of Rs. 1,294 million as compared to gross profit of Rs.1,416 million in the corresponding period. The main reasons include decline in sales volume of DAP and Urea and significant increase in the cost of production due to increase in phosphoric acid price as compared to the corresponding period coupled with significant increase in exchange rate, the impact of which could not be passed on to the customers.

The Company incurred finance cost amounting to Rs. 2,125 million as against Rs. 917 million in the corresponding period owing to increased mark-up rates along with increased utilization of running finance due to higher accumulation of inventory. The company also suffered exchange loss of Rs. 1,022 million on account of import of phosphoric acid as compared to Rs. 425 million in the corresponding period. Other income mainly includes dividends received from associates and joint venture (AKBL, FCCL, FWEL - I, FWEL - II and PMP) amounting to Rs. 1,225 million and Rs. 375 million income from investment with financial institutions. Net loss after tax stood at Rs. 1,951 million (LPS Rs. 2.09) at June 30, 2019 against loss of Rs. 994 million (LPS Re. 1.06) in the corresponding period.

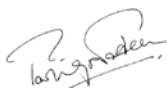
Future prospects

GoP has increased the feed and fuel gas prices. However, the industry and GoP are in final stages of settling the GIDC issue which offset the impact of gas price increase.

Going forward rebalancing of DAP oversupply situation coupled with resolution of GIDC and increased sales in the 2nd half of the year are likely to have a positive impact on profitability for the Company.

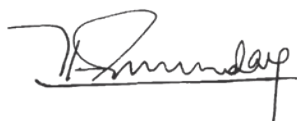
The Company remains committed to provide quality product to its customers and expects better results for its stakeholders through improved sales for the remaining of the year.

For and on behalf of the Board



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

Islamabad
July 26, 2019



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

ڈائریکٹرز رپورٹ

30 جون 2019 کو ختم ہونے والی ششماہی کے لئے

بورڈ آف ڈائریکٹرز کو 30 جون 2019 کو ختم ہونے والی ششماہی کے لئے کمپنی کی آپریشنل اور مالیاتی کارکردگی کا مختصر جائزہ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

سٹیٹ بینک کی مالیاتی پالیسی اور بین الاقوامی مناسبات کے معاہدے سے ڈسکانٹ ریٹ میں اضافہ اور روپے کی قدر میں کمی ہوئی ہے۔ ان عوامل سے بڑھ جانے والے مالیاتی اخراجات کی شکل میں ورخام مال کی درآمد میں کمی کے تبادلے کے نقصان کے باعث ایف ایف بی ایل کی مالیاتی کارکردگی پر بوجھ پڑا ہے اور اس کے نتیجے میں توقع سے زیادہ نقصان ہوا ہے۔

سالانہ کچھ بھال، پیداوار اور گیس کی سپلائی

اللہ کے فضل و کرم سے 30 جون 2019 تک پائپس کی مجموعی کارکردگی 18.62 ملین سیف مین آدور حاصل ہونے کے ساتھ اطمینان بخش رہی۔

کمپنی کو گیس کی سپلائی مختص کرنے سے کتنی جس کے نتیجے میں گیس کی اوسط فراہمی گزشتہ سال اسی عرصے کے دوران 14.9 فیصد کے مقابلے میں 6.7 فیصد رہی۔ ایف ایف بی ایل پاور کمپنی لمیٹڈ کی طرف سے ایف ایف بی ایل کو پاور اور ٹیمپ کی فراہمی ضرورت کے مطابق تھی۔ امونیا کی پیداوار 210 ہزار ٹن اور یوریا 215 ہزار ٹن ہے جو بالترتیب 5 فیصد اور 16 فیصد کم ہے جبکہ ڈی اے پی کی پیداوار (386 ہزار ٹن) گزشتہ سال اسی عرصے کے مقابلے میں 17 فیصد زیادہ ہے۔ تاہم امونیا، یوریا اور ڈی اے پی کی گزشتہ سال اسی عرصے کے دوران دوسری سہ ماہی میں پیداوار بالترتیب 11 فیصد، 5 فیصد اور 34 فیصد زیادہ تھی۔

ڈی اے پی مارکیٹ اور فروخت

سال 2019-570 ہزار ٹن کی زیادہ انوینٹری کے ساتھ شروع ہوا جو 2018 کے آغاز پر انوینٹری سے 123 فیصد زیادہ تھی۔ ڈی اے پی کی قیمتیں زیادہ سپلائی کی صورت حال کی وجہ سے دباؤ میں رہیں تاہم سبزی کی حوصلہ افزائی کے لئے سونا ڈی اے پی پر پی بیگ 40 سے 60 روپے رعایت دی گئی۔

گورنمنٹ آف پاکستان کی طرف سے پہلی ششماہی کے بعد کے حصے کے دوران جزل نیگلیٹس اور گیس کی قیمتوں میں اضافے کے اعلانات کی وجہ سے تمام کھادوں کی قیمتوں میں متوقع اضافے سے سرمایہ کاری کی حوصلہ افزائی ہوئی۔

اس عرصے کے دوران ڈی اے پی کی ڈومیسٹک مارکیٹ کا تخمینہ 6 فیصد کمی کے ساتھ 645 ہزار ٹن ہے جو گزشتہ سال اسی عرصے کے دوران 685 ہزار ٹن تھا۔ اس عرصے کے دوران ایف ایف بی ایل کی ڈی اے پی کی سبزی 31 فیصد مارکیٹ کے شیئر کے ساتھ 202 ہزار ٹن رہیں جو گزشتہ سال اسی عرصے کے مقابلے میں برابر ہیں۔

مستقبل میں محدود درآمدات کے ذریعے زیادہ سپلائی کی صورت حال پر قابو متوقع ہے۔ اس سے مارکیٹ کو متوازن کرنے اور قیمتوں کو بہتر بنانے میں مدد ملے گی۔

یوریا مارکیٹ اور فروخت

سال کے آغاز پر یوریا کی کم انوینٹری نے یوریا مارکیٹ کو بلند رکھا۔ پہلی سہ ماہی میں موزوں موسم کی صورت حال نے بھی کسان کی سطح پر یوریا کے بہتر استعمال میں مثبت کردار ادا کیا ہے لیکن دوسری سہ ماہی میں مسلسل بارشوں نے اس کے استعمال کو متاثر کیا۔ تاہم جی آئی ڈی سی کے تصفیے کے بارے میں غیر یقینی صورتحال اور یوریا کی قیمت میں متوقع کمی اسے محدود رکھنے کا باعث بنی۔

اس عرصے کے دوران انڈسٹری کی مقامی فروخت کا اندازہ 2900 ہزار ٹن لگایا گیا ہے جو گزشتہ سال اسی عرصے کے دوران 2730 ہزار ٹن کی فروخت کے ساتھ 6 فیصد زیادہ ہے۔ اس عرصے

کے دوران انڈسٹری کی 2905 ہزار ٹن کی پیداوار گزشتہ سال اسی عرصے کے دوران 2660 ہزار ٹن کے مقابلے میں 9 فیصد زیادہ ہے۔ 30 جون 2019 کو انڈسٹری کی اندازاً نو بیٹری 175 ہزار ٹن ہے۔

ایف ایف بی ایل کی اس عرصے کے دوران یورپا کی فروخت گزشتہ سال 255 ہزار ٹن کے مقابلے میں 214 ہزار ٹن رہی جو 2019 کی پہلی سہ ماہی میں کم پیداوار گیس کی کم فراہمی اور کم فروخت کی وجہ سے 16 فیصد کم رہی۔

مالیاتی نتائج

30 جون 2019 کو ختم ہونے والی ششماہی میں ایف ایف بی ایل کے آپریشنل نتائج گزشتہ سال اسی عرصے کے دوران 1415 ملین روپے کے کل منافع کے مقابلے میں 1294 ملین روپے کا مجموعی منافع ظاہر کر رہے ہیں۔ بنیادی وجوہات میں ڈی اے پی کی سیلز کے حجم میں کمی اور اسی عرصے میں فاسفورک ایسڈ کی قیمت بڑھنے کے ساتھ یکپارچہ بیٹ میں واضح اضافے کے باعث یورپ کے پیداواری اخراجات میں نمایاں اضافہ شامل تھا جس کے اثرات صارفین پر نہیں ڈالے جاسکتے تھے۔

کمپنی نے مارک اپ ریٹ بڑھنے اور انوینٹری کے زیادہ جمع ہونے کے باعث قرضوں کے استعمال میں اضافے کی وجہ سے گزشتہ سال اسی عرصے کے دوران 917 ملین روپے کے مقابلے میں 1215 ملین روپے کے مالی اخراجات کئے۔ کمپنی کو فاسفورک ایسڈ کی درآمد کی مد میں اسی عرصے کے دوران 425 ملین روپے کے مقابلے میں 1022 ملین روپے کا یکپارچہ نقصان بھی برداشت کرنا پڑا۔ دیگر آمدن میں ایسوسی ایٹس، اور جوائنٹ وینچرز (اے کے بی ایل، ایف سی ایل، ایف ڈبلیو ای ایل، ایف ڈبلیو ای ایل II اور پی ایم پی) سے حاصل ہونے والا 1225 ملین روپے منافع اور مالیاتی اداروں میں سرمایہ کاری سے 375 ملین روپے حاصل ہونے والی آمدن شامل ہے۔ 30 جون 2019 تک ٹیکس کے بعد گزشتہ سال اسی عرصے میں 994 ملین روپے (ایل پی ایس 1.06 روپے) کے نقصان کے مقابلے میں 1951 ملین روپے (ایل پی ایس 2.09 روپے) کا کل نقصان ہوا۔

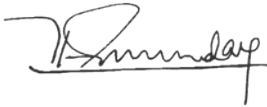
مستقبل کے امکانات

گورنمنٹ آف پاکستان نے فیڈ اور فیول گیس کی قیمتوں میں اضافہ کر دیا ہے۔ تاہم انڈسٹری اور گورنمنٹ آف پاکستان جی آئی ڈی سی کے معاملے کو حل کرنے کے لئے حتمی مراحل میں ہیں جس سے گیس کی قیمت میں اضافے کے اثرات متوازن ہو جائیں گے۔

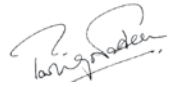
مستقبل میں جی آئی ڈی سی کے صل کے ساتھ ڈی اے پی کی زیادہ سپلائی کی صورت حال کا دوبارہ توازن اور سال کی دوسری ششماہی میں سیلز میں اضافے سے کمپنی کے منافع بخش ہونے پر مثبت اثرات پڑ سکتے ہیں۔

کمپنی اپنے صارفین کو معیاری مصنوعات کی فراہمی کے لئے پرعزم ہے اور سال کے باقی عرصے میں بہتر فروخت کے ذریعے اپنے شراکت داروں کے لئے بہتر نتائج کی توقع رکھتی ہے۔

مناجب بورڈ



لیفٹیننٹ جنرل (ریٹائرڈ) جاوید اقبال
بلال امتیاز (ملٹری)
چیف ایگزیکٹو و مینجنگ ڈائریکٹر



لیفٹیننٹ جنرل (ریٹائرڈ) سید طارق ندیم گیلانی
بلال امتیاز (ملٹری)
چیرمین

اسلام آباد

26 جولائی 2019



Condensed Interim Financial Statements

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF FAUJI FERTILIZER BIN QASIM LIMITED

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Fauji Fertilizer Bin Qasim Limited as at 30 June 2019, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

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

Other matters

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended 30 June 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended 30 June 2019.

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



Ernst & Young Ford Rhodes
Chartered Accountants

Islamabad
Dated: 31 July, 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

		June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	(Rupees '000)	
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Share capital		9,341,100	9,341,100
Capital reserve		228,350	228,350
Revenue reserve			
Accumulated profit		1,442,775	4,328,006
		11,012,225	13,897,456
NON-CURRENT LIABILITIES			
Long-term loans	5	16,441,667	16,083,333
Deferred liabilities	6	592,117	948,917
		17,033,784	17,032,250
CURRENT LIABILITIES			
Trade and other payables		34,484,011	29,825,284
Unpaid dividend		10,954	10,784
Unclaimed dividend		125,726	117,530
Accrued interest		977,479	442,183
Short-term borrowings		25,446,889	13,913,497
Current portion of long-term loans	5	6,333,334	5,125,000
		67,378,393	49,434,278
		95,424,402	80,363,984

CONTINGENCIES AND COMMITMENTS

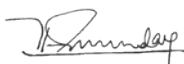
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The annexed notes, from 1 to 20, form an integral part of these condensed interim financial statements.

		June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	(Rupees '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	9,801,115	9,747,537
Long-term investments	9	24,564,751	24,564,751
Loan to subsidiary	10	3,500,000	2,400,000
Long-term advances		176,468	102,055
Long-term deposits		78,643	78,643
Deferred tax asset - net	6	591,259	-
		38,712,236	36,892,986
CURRENT ASSETS			
Stores and spares		2,705,367	2,721,558
Stock-in-trade		19,988,858	5,654,660
Trade debts		7,272,771	5,719,424
Advances		1,450,034	1,458,474
Loan to subsidiary	10	800,000	-
Trade deposits and short-term prepayments		33,347	48,492
Interest accrued		186,930	55,153
Other receivables	11	6,454,002	5,696,734
Income tax refundable - net		3,207,442	2,953,868
Sales tax refundable		6,669,132	4,537,400
Short-term investments	12	1,358,517	10,935,646
Cash and bank balances		6,585,766	3,689,589
		56,712,166	43,470,998
		95,424,402	80,363,984



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	Quarter ended June 30,		Half year ended June 30,	
		2019	2018	2019	2018
		(Rupees '000)		(Rupees '000)	
Sales - net	13	17,998,140	8,645,541	21,497,499	18,928,401
Cost of sales	14	(16,021,128)	(7,975,067)	(20,203,237)	(17,512,406)
Gross profit		1,977,012	670,474	1,294,262	1,415,995
Selling and distribution expenses		(1,210,663)	(987,084)	(1,890,134)	(1,922,597)
Administrative expenses		(330,210)	(364,838)	(622,610)	(603,666)
		436,139	(681,448)	(1,218,482)	(1,110,268)
Finance costs		(1,213,374)	(497,856)	(2,125,451)	(917,128)
Other operating expenses		(970,015)	(292,642)	(1,020,523)	(455,422)
		(1,747,250)	(1,471,946)	(4,364,456)	(2,482,818)
Other income	15	1,130,039	859,994	1,930,781	1,220,476
Loss before taxation		(617,211)	(611,952)	(2,433,675)	(1,262,342)
Taxation - net	16	533,345	67,645	482,554	268,656
Loss after taxation		(83,866)	(544,307)	(1,951,121)	(993,686)
Loss per share - basic and diluted (Rupees)		(0.09)	(0.58)	(2.09)	(1.06)

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



CHAIRMAN



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DIRECTOR




CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Quarter ended June 30,		Half year ended June 30,	
	2019	2018	2019	2018
	(Rupees '000)		(Rupees '000)	
Loss after taxation	(83,866)	(544,307)	(1,951,121)	(993,686)
Other comprehensive income	-	-	-	-
Total comprehensive loss	(83,866)	(544,307)	(1,951,121)	(993,686)

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



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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

	Share capital	Capital reserve	Accumulated profit	Total
	(Rupees '000)			
Balance as at January 01, 2018 - audited	9,341,100	228,350	3,581,188	13,150,638
Total comprehensive income				
Loss after taxation for the period	-	-	(993,686)	(993,686)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(993,686)	(993,686)
Transactions with owners, recorded directly in equity				
Distributions to owners				
Final dividend 2017 (Re. 0.75 per ordinary share)	-	-	(700,583)	(700,583)
Total transactions with owners	-	-	(700,583)	(700,583)
Balance as at June 30, 2018	9,341,100	228,350	1,886,919	11,456,369
Balance as at January 01, 2019 - audited	9,341,100	228,350	4,328,006	13,897,456
Total comprehensive income				
Loss after taxation for the period	-	-	(1,951,121)	(1,951,121)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(1,951,121)	(1,951,121)
Transactions with owners, recorded directly in equity				
Distributions to owners				
Final dividend 2018 (Re.1.00 per ordinary share)	-	-	(934,110)	(934,110)
Total transactions with owners	-	-	(934,110)	(934,110)
Balance as at June 30, 2019	9,341,100	228,350	1,442,775	11,012,225

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



CHAIRMAN



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DIRECTOR



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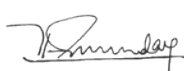
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees '000)	2018 (Rupees '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operating activities	17	(14,842,126)	(7,776,425)
Income tax paid		(756,226)	(1,377,736)
Finance costs paid		(1,590,155)	(690,230)
Compensated absences paid		(10,960)	(15,041)
Payment to Workers' (Profit) Participation Fund		(10,954)	(43,328)
Net cash used in operating activities		(17,210,421)	(9,902,760)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(882,660)	(481,017)
Long-term advances		(74,413)	-
Long-term investments		-	(1,500,000)
Sale proceeds from disposal of property, plant and equipment		25,417	13,787
Dividend received		752,015	18,750
Short-term investments		5,150,925	(799,387)
Loans disbursed		(1,900,000)	(966,137)
Profit received on bank balances, term deposits and sub-ordinated loans		371,002	228,183
Net cash generated from / (used in) investing activities		3,442,286	(3,485,821)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing receipt		4,275,000	4,400,000
Long-term financing payment		(2,708,332)	(1,416,665)
Short-term borrowings - net		4,400,000	670,000
Dividend paid		(925,744)	(695,959)
Net cash generated from financing activities		5,040,924	2,957,376
NET DECREASE IN CASH AND CASH EQUIVALENTS		(8,727,211)	(10,431,205)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		366,092	9,347,911
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		(8,361,119)	(1,083,294)
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the condensed interim statement of cash flows comprise the following condensed interim statement of financial position amounts:			
- Cash and bank balances		6,585,766	4,041,457
- Short-term highly liquid investments	12	1,100,000	2,700,000
- Short-term running finance		(16,046,885)	(7,824,751)
		(8,361,119)	(1,083,294)

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



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

1 THE COMPANY AND ITS OPERATIONS

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

2 BASIS OF PREPARATION

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

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

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

The disclosures in these condensed interim financial statements do not include the information reported for complete annual financial statements and should therefore be read in conjunction with the financial statements for the year ended December 31, 2018. The comparative Statement of Financial Position is extracted from the annual financial statements, as of December 31, 2018, whereas the condensed interim Statement of Profit or Loss, the condensed interim Statement of Comprehensive Income, the condensed interim Statement of Cash Flows and the condensed interim Statement of Changes in Equity are extracted from the un-audited condensed interim financial statements, for the half year ended June 30, 2018.

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

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

3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are similar to those applied in the preparation of the financial statements for the preceding year, ended December 31, 2018 except for the adoption of new standards applicable as of 1 January 2019.

IFRS 15 Revenue from contract with customers

IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The impact of the afore-mentioned has been determined to be immaterial to these condensed interim financial statements.

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases and other previous guidance on lease accounting within IFRS. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosures of leases. It defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition, IFRS 16 requires lessees to recognise a 'right-of-use asset' and a 'lease liability' in the statement of financial position with certain exemptions for short-term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the lease term and the assets' useful life, whichever is shorter.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

The major impact of adoption of IFRS 16 on the Company's financial statements would be in relation to the Power Purchase Agreement and Steam Purchase Agreement with FFBL Power Company Limited (FPCL), a subsidiary company for the provision of 48,000 kWh electricity and 211.3 MTPH steam. Further details of the contract with FPCL are disclosed in note 4.3 to the 2018 annual financial statements. The Company, being a lessee under the provisions of IFRS 16, would have to account for right-of-use asset and lease liability.

The management has applied for waiver from the requirements of IFRS 16 to the Securities and Exchange Commission of Pakistan and is confident that they would receive a waiver. The Company has accordingly not incorporated the impact of IFRS 16 in these condensed interim financial statements.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 sets out new requirements for the accounting of financial instruments including classification, measurement, impairment and hedge accounting.

Under IFRS 9 the Company classifies financial assets, based on the business model in which they are managed, and their contractual cash flows. The principal categories of financial assets under IFRS 9 are amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). In accordance with the expected loss impairment model introduced by IFRS 9, the Company assesses lifetime expected credit losses on assets carried at amortized cost which include trade debts, advances to employees, balances with banks, interest accrued, long-term loans, long-term deposits, long-term investments, other receivables, term deposits with financial institutions. While fair value changes for assets carried at fair value through profit or loss, which include short term investment through mutual funds, are recognised in the statement of profit or loss. The Company does not have any assets carried at fair value through other comprehensive income.

The impact of the afore-mentioned has been determined to be immaterial to these condensed interim financial statements.

4 The status of significant shareholdings, as at June 30, 2019, are given below:

	No. of Shares	Percentage (%)
Fauji Fertilizer Company Limited (FFCL)	465,891,896	49.88
Fauji Foundation (FF)	170,842,386	18.29

	June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	(Rupees '000)	

5 LONG-TERM LOANS

Loans from banking companies-secured	22,775,001	21,208,333
Less: Current portion shown under current liabilities	6,333,334	5,125,000
	16,441,667	16,083,333

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

		June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	(Rupees '000)	
6 DEFERRED LIABILITIES			
Compensated leave absences		592,117	554,969
Deferred taxation	6.1	-	393,948
		592,117	948,917
6.1 The balance of deferred tax is in respect of the following taxable / (deductible) temporary differences:			
Accelerated tax depreciation		1,456,864	1,475,550
Provision for inventory obsolescence		(47,980)	(44,671)
Provision against doubtful other receivables		(57,116)	(53,177)
Unabsorbed tax losses		(959,273)	-
Minimum tax		(983,754)	(983,754)
		(591,259)	393,948
Less: Deferred tax asset shown under non-current assets		591,259	-
		-	393,948
7 CONTINGENCIES AND COMMITMENTS			
Contingencies			
i) Guarantees issued by banks on behalf of the Company		45,461	59,188
Commitments			
i) Capital expenditure - contracted		1,718,127	1,727,516
ii) Letters of credit for purchase of stores, spares and raw materials		941,411	812,323
8 PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		9,747,537	10,405,171
Additions during the period / year		882,660	994,327
Cost of disposals during the period / year		(41,104)	(74,069)
Depreciation charged during the period / year		(826,622)	(1,633,725)
Accumulated depreciation on disposals during the period / year		38,644	55,833
		9,801,115	9,747,537

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

		June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	(Rupees '000)	
9 LONG-TERM INVESTMENTS			
Joint venture	9.1	1,411,150	1,411,150
Associated companies	9.2	7,991,556	7,991,556
Subsidiary companies	9.3	15,162,045	15,162,045
Other long-term investments	9.4	-	-
		24,564,751	24,564,751
9.1 Investment in joint venture - at cost			
Pakistan Maroc Phosphore S.A, Morocco (PMP)		1,411,150	1,411,150
9.2 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 (FWEL-I)		1,225,873	1,225,873
Foundation Wind Energy - II (Private) Limited (FWEL-II)		1,234,692	1,234,692
		7,991,556	7,991,556
9.3 Investments in subsidiaries - at cost			
Quoted			
Fauji Foods Limited (FFL)		4,672,902	4,672,902
Un-quoted			
Fauji Meat Limited (FML)		3,750,000	3,750,000
FFBL Foods Limited		298,518	298,518
FFBL Power Company Limited (FPCL)		6,440,625	6,440,625
		15,162,045	15,162,045
9.4 Investment - available for sale - unquoted			
Arabian Sea Country Club Limited (ASCCCL)			
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 STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

		June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	(Rupees '000)	
10 LONG-TERM LOANS			
Fauji Meat Limited	10.1	3,500,000	2,400,000
Fauji Foods Limited	10.2	800,000	-
		4,300,000	2,400,000
Less: Current portion shown under current assets		800,000	-
		3,500,000	2,400,000

10.1 During the period, the Company disbursed Rs. 1,100 million as sub-ordinated loan to Fauji Meat Limited, a subsidiary company, out of total approved limit of Rs. 3,500 million. The loan carries mark-up at the rate which is higher of the Company's borrowing cost or KIBOR for the relevant period plus 0.5%, per annum, on the terms set out in the agreement and in compliance with the requirements of section 199 of Companies Act, 2017.

10.2 During the period, the Company disbursed Rs. 800 million as sub-ordinated loan to Fauji Foods Limited, a subsidiary company, out of total approved limit of Rs. 3,000 million. The loan carries mark-up at the rate which is higher of the Company's borrowing cost or KIBOR for the relevant period plus 1.5%, per annum, on the terms set out in the agreement and in compliance with the requirements of section 199 of Companies Act, 2017.

11 OTHER RECEIVABLES

This includes an amount of Rs. 2,550 million (December 31, 2018: Rs. 2,293 million) receivable from Fauji Fertilizer Company Limited (FFCL), an associated company, on account of amounts received from customers against sales of the Company's products by FFCL under an inter-company services agreement.

		June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	(Rupees '000)	
12 SHORT-TERM INVESTMENTS			
Loans and receivables			
Term deposits with banks and financial institutions	12.1	1,100,000	5,590,000
Investments at fair value through profit or loss			
Mutual funds		258,517	5,345,646
		1,358,517	10,935,646

12.1 The balance at the period end includes investment in term deposits, having maturity periods upto 5 months and carrying mark-up between 10.75% to 12.30% per annum (December 31, 2018: 10.75% to 12.25% per annum).

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	Quarter ended June 30,		Half year ended June 30,	
		2019	2018	2019	2018
		(Rupees '000)		(Rupees '000)	
13 SALES - NET					
Gross sales		18,587,733	8,979,233	22,144,125	19,586,672
Less:					
Sales tax		367,466	328,959	423,259	636,811
Trade discount		215,045	47	215,045	12,188
Commission	13.1	7,082	4,686	8,322	9,272
		589,593	333,692	646,626	658,271
		17,998,140	8,645,541	21,497,499	18,928,401

13.1 Commission is paid at the rate of Re. 1 per bag sold by Fauji Fertilizer Company Limited, based on an inter-company services agreement.

		Quarter ended June 30,		Half year ended June 30,	
		2019	2018	2019	2018
		(Rupees '000)		(Rupees '000)	
14 COST OF SALES					
Raw materials consumed		14,056,512	8,856,490	23,737,417	16,017,174
Packing materials consumed		237,997	184,684	371,824	324,291
Fuel and power		2,913,877	2,576,305	5,258,031	4,693,229
Chemicals and supplies consumed		61,607	50,695	98,870	100,635
Salaries, wages and benefits		424,970	442,218	630,806	589,173
Rent, rates and taxes		20,650	28,000	41,344	42,390
Insurance		16,250	17,784	33,062	35,250
Travel and conveyance		38,238	32,238	68,434	61,556
Repairs and maintenance		183,317	167,171	791,306	895,737
Communication, establishment and other expenses		21,321	32,986	43,236	58,891
Depreciation		364,919	354,785	724,069	706,665
Opening stock - work in process		78,518	23,069	95,760	103,812
Closing stock - work in process		(45,665)	(56,192)	(45,665)	(56,192)
Cost of goods manufactured		18,372,511	12,710,233	31,848,494	23,572,611
Opening stock - finished goods		12,110,049	1,508,041	2,816,175	183,002
Closing stock - finished goods		(14,461,432)	(6,243,207)	(14,461,432)	(6,243,207)
Cost of sales		16,021,128	7,975,067	20,203,237	17,512,406

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Quarter ended June 30,		Half year ended June 30,	
	2019	2018	2019	2018
	(Rupees '000)		(Rupees '000)	
15 OTHER INCOME				
Profit on bank balances and term deposits	120,717	87,867	244,481	203,756
Gain / Dividend from mutual funds	18,778	56,079	130,114	99,436
Dividend from FCCL	-	18,750	14,063	18,750
Dividend from PMP	761,076	507,084	764,022	507,084
Dividend from FWEL-I & FWEL-II	-	-	175,000	-
Dividend from AKBL	-	-	271,884	-
Subsidy income on Urea	-	141,328	-	314,619
Mark-up on sub-ordinated loans-FFL	16,272	-	16,272	-
Mark-up on sub-ordinated loans-FML	103,502	2,439	175,708	2,439
Scrap sale and other receipts	70,728	26,127	83,313	41,195
Gain on sale of property, plant & equipment	23,036	218	22,957	606
Others	15,930	20,102	32,967	32,591
	1,130,039	859,994	1,930,781	1,220,476
16 TAXATION - NET				
Current tax	394,334	464,709	502,653	736,963
Deferred tax	(927,679)	(532,354)	(985,207)	(1,005,619)
	(533,345)	(67,645)	(482,554)	(268,656)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Half year ended June 30,	
	2019	2018
	(Rupees '000)	
17 CASH USED IN OPERATIONS		
Loss before taxation	(2,433,675)	(1,262,342)
Adjustment for non-cash charges and other items:		
Provision for gratuity	32,606	30,208
Exchange losses	1,019,513	424,822
Provision for compensated absences	48,108	36,288
Provision for Workers' Welfare Fund	-	26,843
Depreciation	826,622	808,716
Finance costs	2,125,451	917,128
Dividend from joint venture	(764,022)	(507,084)
Profit on bank balances and term deposits	(374,595)	(303,192)
Dividend from associates	(460,947)	(18,750)
Gain on disposal of property, plant and equipment	(22,957)	(606)
Mark-up on sub-ordinated loans	(191,980)	(2,946)
Guarantee fee	-	(10,168)
Operating (loss) / profit before working capital changes	(195,876)	138,917
Changes in working capital:		
Stores and spares	16,191	131,968
Stock-in-trade	(14,334,198)	(7,053,063)
Trade debts	(1,553,347)	(190,851)
Advances	8,440	(511,935)
Trade deposits and short-term prepayments	15,145	(29,837)
Other receivables	(284,314)	(1,269,302)
Sales tax refundable	(2,131,732)	(1,438,651)
Trade and other payables	3,617,565	2,446,329
	(14,646,250)	(7,915,342)
Cash used in operations	(14,842,126)	(7,776,425)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

18 RELATED PARTY TRANSACTIONS

The Company has related parties which comprise of subsidiaries, a joint venture, entities under common directorship, directors, key management personnel, share holders and employees funds. Fauji Fertilizer Company Limited (FFCL) has a 49.88% share holding in the Company (2018: 49.88%), while Fauji Foundation (FF) holds 18.29% shares (2018: 18.29%) in the Company. Transactions with related parties and balances outstanding, other than those have been disclosed elsewhere in these condensed interim financial statements are given below. The carrying values of investments, balance receivable and loans to related parties are disclosed in note 9, 10 and 11 to these condensed interim financial statements.

	Half year ended June 30,	
	2019	2018
	(Rupees '000)	
Transactions with Fauji Foundation:		
Dividend paid	170,842	128,132
Services provided	3,738	4,193
Balance receivable at the period end	616	555 *
Transactions with subsidiary companies:		
Fauji Meat Limited		
Investments made	-	1,500,000
Material / services provided	5,767	2,607
Receipts against material / services	5,767	2,607
Guarantee fee and mark-up on sub-ordinated loan	175,708	8,507
Mark-up receivables on sub-ordinated loan	137,737	24,158 *
Receipts against mark-up on sub-ordinated loan	62,129	-
FFBL Power Company Limited		
Material / services provided	258,685	228,008
Material / services received	4,803,283	4,289,054
Balance payable at the period end	946,641	972,075 *
Balance receivable at the period end	115,989	87,307 *
Receipts against material / services	241,221	323,089
Payments against material / services	5,787,833	4,171,659

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Half year ended June 30,	
	2019	2018
	(Rupees '000)	
Fauji Foods Limited		
Material / services provided	7,475	28,195
Mark-up on sub-ordinated loan	16,272	-
Mark-up receivables on sub-ordinated loan at the period end	16,272	- *
FFBL Foods Limited		
Material / services provided	500	147
Transactions with associates:		
Fauji Fertilizer Company Limited		
Services and material acquired	462,459	517,748
Services and material provided	-	3,085
Receipts under consignment account	19,456,829	12,107,203
Commission charged	8,322	9,272
Dividend paid	465,892	349,419
Askari Bank Limited		
Balances at bank	2,760,965	398,998 *
Profit on bank balances	38,991	40,476
Long-term loans	500,000	500,000 *
Mark-up on long-term loans	25,688	9,188
Mark-up payable on long-term loans at the period end	15,050	- *
Dividend received	271,884	-
Fauji Cement Company Limited		
Dividend received	14,063	-
Foundation Wind Energy - I Limited & Foundation Wind Energy - II (Private) Limited		
Mark-up and guarantee fee	-	4,607
Dividend received	175,000	-
Others		
Transactions with Fauji Foundation Hospital	136	108
Transactions with Foundation Gas	489	343

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

	Half year ended June 30,	
	2019	2018
	(Rupees '000)	
Transactions with joint venture:		
Pakistan Maroc Phosphore S.A, Morocco		
Purchase of raw materials	19,005,452	12,635,762
Expenses incurred on behalf of joint venture	5,122	6,699
Balance payable at the period end - secured	9,342,754	7,091,973 *
Balance receivable at the period end - unsecured	780,757	302,355 *
Other related parties:		
Contribution to Provident Fund	37,123	28,839
Payment to Workers' (Profit) Participation Fund & Workers Welfare Fund	10,954	43,328
Remuneration of key management personnel	141,308	208,705
Balance payable at the period end - unsecured (WWF and WPPF)	561,622	572,576 *
Payable to Gratuity Fund	115,570	82,607 *

* These balance of accounts, appearing as comparatives, are as at December 31, 2018 (audited).

In addition to the above:

- a ranking charge amounting to US\$ 91,456,667 and Rs. 4,000 million (2018: US\$ 91,456,667 and Rs. 4,000 million) has been registered on the assets of the Company, in respect of project financing arranged by Foundation Wind Energy I Limited (FWEL-I).
- a ranking charge amounting to US\$ 89,146,667 and Rs. 4,000 million (2018: US\$ 89,146,667 and Rs. 4,000 million) has been registered on the assets of the Company, in respect of project financing arranged by Foundation Wind Energy II (Private) Limited (FWEL-II).
- the Company has issued standby letter of credit amounting to Rs. 934 million in favour of the FML under the Diminishing Musharaka Agreement.
- the Company has provided sponsor support, to lenders of project financing arranged by FPCL, to fund any shortfall, to the extent FPCL is unable to fulfill its financial obligations:
 - (i) upto Rs. 29,150 million (2018: Rs. 29,150 million) and all cost over runs, till technical completion date; and
 - (ii) upto Rs. 8,000 million after project completion date.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

19.1 Financial risk factors

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

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

19.2 Fair value estimation

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

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

	Level 1	Level 2	Level 3
	(Rupees' 000)		
June 2019 - Un-audited			
ASSETS			
Financial assets at fair value through profit or loss			
- Short-term investments	258,517	-	-

December 2018 - audited

ASSETS

Financial assets at fair value through profit or loss

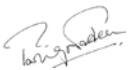
- Short-term investments	5,345,646	-	-
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

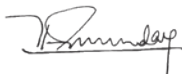
20 GENERAL

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

20.2 These condensed interim financial statements were authorized for issue on July 26, 2019 by the Board of Directors of the Company.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



**Condensed Interim
Consolidated Financial
Statements**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

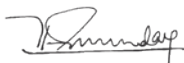
		June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
Note		(Rupees '000)	
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
	Share capital	9,341,100	9,341,100
	Capital reserve	228,350	228,350
	Statutory reserve	1,164,164	1,050,097
Revenue reserves			
	Translation reserve	2,200,600	1,688,216
	Revaluation reserve on available for sale investments, net of tax	(852,560)	(481,495)
	Accumulated profit	583,781	4,383,873
		12,665,435	16,210,141
Non-Controlling Interest			
		3,073,782	3,826,318
		15,739,217	20,036,459
NON-CURRENT LIABILITIES			
	Long-term loans	5 36,409,419	38,404,111
	Finance lease liability	344,687	289,272
	Deferred liabilities	6 703,334	2,223,113
		37,457,440	40,916,496
CURRENT LIABILITIES AND PROVISIONS			
	Trade and other payables	35,282,685	31,584,173
	Unpaid dividend	10,954	10,784
	Unclaimed dividend	126,692	118,496
	Accrued interest	1,351,359	723,872
	Short-term borrowings	34,827,115	22,501,589
	Current portion of long-term loans	5 10,621,763	8,603,242
	Current portion of finance lease liability	134,448	145,299
		82,355,016	63,687,455
		135,551,673	124,640,410
CONTINGENCIES AND COMMITMENTS			
		7	

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

		June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	(Rupees '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	49,869,077	50,077,055
Intangible assets		433,467	382,990
Long-term investments	9	17,065,358	17,508,318
Long-term advances		176,468	102,055
Long-term deposits		89,507	79,587
Deferred tax asset - net	6	877,503	1,613,571
		68,511,380	69,763,576
CURRENT ASSETS			
Stores and spares		3,285,154	3,187,689
Stock-in-trade		22,719,757	8,547,165
Trade debts		9,329,619	6,510,563
Advances		1,417,357	2,000,829
Trade deposits and short-term prepayments		200,047	235,661
Interest accrued		37,844	43,936
Other receivables	10	6,583,020	6,279,769
Income tax refundable - net		4,848,138	4,525,602
Sales tax refundable		7,759,618	5,613,037
Short-term investments	11	1,608,517	11,235,646
Cash and bank balances		9,251,222	6,696,937
		67,040,293	54,876,834
		135,551,673	124,640,410



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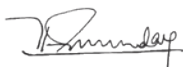
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	Quarter ended June 30,		Half year ended June 30,	
		2019	2018	2019	2018
		(Rupees '000)		(Rupees '000)	
Sales - net		21,603,264	13,091,511	28,480,667	27,115,806
Cost of sales	12	(18,202,647)	(10,718,979)	(24,256,743)	(22,693,179)
Gross profit		3,400,617	2,372,532	4,223,924	4,422,627
Selling and distribution expenses		(1,845,011)	(1,455,484)	(2,919,289)	(2,940,074)
Administrative expenses		(497,095)	(546,831)	(984,941)	(952,921)
		1,058,511	370,217	319,694	529,632
Finance costs		(2,342,880)	(1,185,958)	(4,267,449)	(2,260,366)
Other operating expenses		(953,112)	(557,089)	(1,036,714)	(759,900)
		(2,237,481)	(1,372,830)	(4,984,469)	(2,490,634)
<i>Other income</i>	13				
Share of profit of joint venture and associates - net		591,510	107,496	706,170	310,964
Others		294,510	369,012	589,358	792,902
		886,020	476,508	1,295,528	1,103,866
Loss before taxation		(1,351,461)	(896,322)	(3,688,941)	(1,386,768)
Taxation - net	14	263,156	(332,110)	184,490	(255,430)
Loss after taxation		(1,088,305)	(1,228,432)	(3,504,451)	(1,642,198)
Attributable to:					
- Owners of the Holding Company		(516,750)	(928,278)	(2,751,915)	(1,169,883)
- Non-controlling interest		(571,555)	(300,154)	(752,536)	(472,315)
		(1,088,305)	(1,228,432)	(3,504,451)	(1,642,198)
Loss per share - basic and diluted (Rupees)		(0.55)	(0.99)	(2.95)	(1.25)

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



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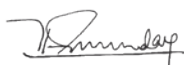
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Quarter ended June 30,		Half year ended June 30,	
	2019	2018	2019	2018
	(Rupees '000)		(Rupees '000)	
Loss after taxation	(1,088,305)	(1,228,432)	(3,504,451)	(1,642,198)
Other comprehensive income / (loss)				
Exchange difference on translating a joint venture	8,152	279,094	508,404	567,792
Effect of translation - share of associate	(15,060)	251	3,980	5,521
Revaluation reserve on available for sale investments	94,999	(186,002)	(436,547)	(355,779)
Related deferred tax	(14,250)	27,900	65,482	53,367
	80,749	(158,102)	(371,065)	(302,412)
Total comprehensive loss	(1,014,464)	(1,107,189)	(3,363,132)	(1,371,297)
Attributable to:				
- Owners of the Holding Company	(442,909)	(807,035)	(2,610,596)	(898,982)
- Non-controlling interest	(571,555)	(300,154)	(752,536)	(472,315)
	(1,014,464)	(1,107,189)	(3,363,132)	(1,371,297)

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



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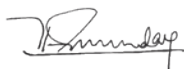
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

	Reserves							Total
	Share capital	Capital reserve	Revaluation reserve on available for sale investments	Statutory reserve	Translation reserve	Accumulated Profit	Non-controlling interest	
	(Rupees '000)							
Balance as at January 01, 2018 - audited	9,341,100	228,350	33,856	821,150	824,699	3,959,623	4,765,782	19,974,560
Total comprehensive income								
Loss after taxation for the period	-	-	-	-	-	(1,169,883)	(472,315)	(1,642,198)
Other comprehensive income for the period	-	-	(302,412)	-	573,313	-	-	270,901
Total comprehensive loss for the period	-	-	(302,412)	-	573,313	(1,169,883)	(472,315)	(1,371,297)
Transfer to statutory reserve	-	-	-	104,870	-	(104,870)	-	-
Transactions with owners, recorded directly in equity								
Distributions to owners								
Final dividend 2017 (Re. 0.75 per ordinary share)	-	-	-	-	-	(700,584)	-	(700,584)
Total transactions with owners	-	-	-	-	-	(700,584)	-	(700,584)
Balance as at June 30, 2018	9,341,100	228,350	(268,556)	926,020	1,398,012	1,984,286	4,293,467	17,902,679
Balance as at January 01, 2019 - audited	9,341,100	228,350	(481,495)	1,050,097	1,688,216	4,383,873	3,826,318	20,036,459
Total comprehensive income								
Loss after taxation for the period	-	-	-	-	-	(2,751,915)	(752,536)	(3,504,451)
Other comprehensive income for the period	-	-	(371,065)	-	512,384	-	-	141,319
Total comprehensive loss for the period	-	-	(371,065)	-	512,384	(2,751,915)	(752,536)	(3,363,132)
Transfer to statutory reserve	-	-	-	114,067	-	(114,067)	-	-
Transactions with owners, recorded directly in equity								
Distributions to owners								
Final dividend 2018 (Re. 1.00 per ordinary share)	-	-	-	-	-	(934,110)	-	(934,110)
Total transactions with owners	-	-	-	-	-	(934,110)	-	(934,110)
Balance as at June 30, 2019	9,341,100	228,350	(852,560)	1,164,164	2,200,600	583,781	3,073,782	15,739,217

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



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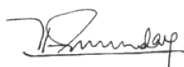
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

	Note	2019 (Rupees '000)	2018 (Rupees '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operating activities	15	(13,502,650)	(7,067,200)
Income tax paid		(898,306)	(1,711,539)
Payment to Gratuity Fund		(4,778)	(7,502)
Finance cost paid		(3,618,849)	(1,994,844)
Compensated absences paid		(10,283)	(1,201)
Payment to Workers' (Profit) Participation Fund		(139,502)	(151,816)
Net cash used in operating activities		(18,174,368)	(10,934,102)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(1,408,971)	(1,394,536)
Long-term advances		(74,413)	-
Dividend received		752,015	18,750
Sale proceeds from disposal of property, plant and equipment		66,266	15,142
Long-term deposits		(9,920)	521
Long-term loans		-	33,863
Investment at fair value through profit or loss		5,150,925	(799,387)
Profit received on bank balances and term deposits		399,373	302,112
Net cash generated from / (used in) investing activities		4,875,275	(1,823,535)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings - net		5,549,620	670,000
Long-term loans		2,717	1,453,543
Finance lease liability		(89,122)	(18,195)
Dividend paid		(925,744)	(695,964)
Net cash generated from financing activities		4,537,471	1,409,384
NET DECREASE IN CASH AND CASH EQUIVALENTS		(8,761,622)	(11,348,253)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		(4,564,653)	8,422,616
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		(13,326,275)	(2,925,637)
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the condensed interim consolidated statement of cash flows comprises the following condensed interim consolidated statement of financial position amounts:			
- Cash and bank balances		8,750,437	6,643,637
- Short-term highly liquid investments		1,850,000	4,100,000
- Short-term running finance		(23,926,712)	(13,669,274)
		(13,326,275)	(2,925,637)

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



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

1 THE GROUP AND ITS OPERATIONS

Fauji Fertilizer Bin Qasim Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). The shares of the Company are quoted on 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 / Holding Company) and its fully owned subsidiaries, Fauji Meat Limited (FML), FFBL Foods Limited, FFBL Power Company Limited (FPCL) and Fauji Foods Limited collectively referred as ("Group").

Fauji Meat Limited is a public limited company incorporated on September 05, 2013 in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). The principal objectives of FML are to establish a meat abattoir unit for halal slaughtering of animals to obtain meat for local and export sale purposes.

FFBL Foods Limited is a public limited company incorporated on July 04, 2013 in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). 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 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). The principal activity is generation and supply of electricity and all other forms of energy.

Fauji Foods Limited (FFL) was incorporated in Pakistan on September 26, 1966 (now replaced by the Companies Act, 2017 with effect from May 31, 2017) 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

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

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

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

The disclosures in these condensed interim consolidated financial statements 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, 2018. The comparative Consolidated Statement of Financial Position is extracted from the annual consolidated financial statements, as of December 31, 2018, whereas the Condensed Interim Consolidated Statement of Profit or Loss and the Condensed Interim Consolidated Statement of Other Comprehensive Income, the Condensed Interim Consolidated Statement of cash flows and the Condensed Interim Consolidated Statement of Changes in Equity are extracted from the un-audited condensed interim consolidated financial statements, for the half year ended June 30, 2018.

These condensed interim consolidated financial statements are un-audited and is being submitted to the members, as required under Section 237 of the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2017.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim consolidated financial statements are similar to those applied in the preparation of the condensed interim consolidated financial statements for the preceding year, ended December 31, 2018 except for the adoption of new standards applicable as of 1 January 2019.

IFRS 15 Revenue from contract with customers

IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition. IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The impact of the afore-mentioned has been determined to be immaterial to these condensed interim consolidated financial statements except for reclassification of the variable trade discount which is now to be set off against the sales. The corresponding figures have been represented to reflect this change on adoption of IFRS 15.

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases and other previous guidance on lease accounting within IFRS. IFRS 16 sets out the principles for recognition, measurement, presentation and disclosures of leases. It defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition, IFRS 16 requires lessees to recognise a 'right-of-use asset' and a 'lease liability' in the condensed interim consolidated statement of financial position with certain exemptions for short-term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the lease term and the assets' useful life, whichever is shorter.

The major impact of adoption of IFRS 16 on the Company's condensed interim consolidated financial statements would be in relation to the Power Purchase Agreement and Steam Purchase Agreement with FFBL Power Company Limited (FPCL), a subsidiary company for the provision of 48,000 kWh electricity and 211.3 MTPH steam. Further details of the contract with FPCL are disclosed in note 4.4 to the 2018 annual consolidated financial statements. The Company, being a lessee under the provisions of IFRS 16, would have to account for right-of-use asset and lease liability.

FFBL management has applied for waiver from the requirements of IFRS 16 to the Securities and Exchange Commission of Pakistan and is confident that they would receive a waiver. The Company has accordingly not incorporated the impact of IFRS 16 in these condensed interim consolidated financial statements.

FFL has applied IFRS 16 using the modified retrospective approach. However none of the leases prior to 01 January 2019 have been considered as significant for the purpose of application of IFRS 16 and accordingly the application of IFRS 16 has no impact on the opening retained earnings as at 01 January 2019.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 sets out new requirements for the accounting of financial instruments including classification, measurement, impairment and hedge accounting.

Under IFRS 9 the Company classifies financial assets, based on the business model in which they are managed, and their contractual cash flows. The principal categories of financial assets under IFRS 9 are amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). In accordance with the expected loss impairment model introduced by IFRS 9, the Company assesses lifetime expected credit losses on assets carried at amortized cost which include trade debts, advances to employees, balances with banks, interest accrued, long-term loans, long-term deposits, long-term investments, other receivables, term deposits with financial institutions. While fair value changes for assets carried at fair value through profit or loss, which include short-term investment through mutual funds, are recognised in the condensed interim consolidated statement of profit or loss. The Company does not have any assets carried at fair value through other comprehensive income.

The impact of the afore-mentioned has been determined to be immaterial to these condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

4 Group consists of following subsidiary companies:

	Ownership in 2019	Ownership in 2018
Fauji Meat Limited	83.33%	83.33%
FFBL Power Company Limited	75.00%	75.00%
FFBL Foods Limited	100.00%	100.00%
Fauji Foods Limited	50.59%	50.59%

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

	June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
Note	(Rupees '000)	
5 LONG-TERM LOANS		
Loans from banking companies - secured	47,031,182	47,007,353
Less: Current portion shown under current liabilities	10,621,763	8,603,242
	36,409,419	38,404,111
6 DEFERRED LIABILITIES		
Compensated leave absences	703,334	658,590
Deferred taxation	6.1 -	1,564,523
	703,334	2,223,113
6.1 DEFERRED TAXATION - NET		
The balance of deferred tax is in respect of the following major taxable / (deductible) temporary differences:		
Accelerated depreciation	1,884,251	2,523,579
Share of profit of joint venture and associates - net	879,943	935,357
Share of profit of subsidiary	178,730	178,730
Provision for inventory obsolescence	(47,980)	(44,671)
Provision for doubtful other receivables	(57,116)	(53,177)
Deferred tax on revaluation of available for sale investments	(161,433)	(95,951)
Minimum tax	(983,754)	(983,754)
Unabsorbed losses	(2,570,144)	(2,509,161)
	(877,503)	(49,048)
Amount shown under non-current assets	877,503	1,613,571
	-	1,564,523

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	(Rupees '000)	

7 CONTINGENCIES AND COMMITMENTS

Contingencies

i) Guarantees issued by banks on behalf of FFBL	45,461	59,188
ii) Group's share of contingent liabilities of Fauji Cement Company Limited (FCCL) as at March 31, 2019	23,413	23,413
iii) Group's share of contingent liabilities of Foundation Wind Energy - I Limited (FWEL-I) as at March 31, 2019	63,601	63,601
iv) Group's share of contingent liabilities of Foundation Wind Energy - II (Private) Limited (FWEL-II) as at March 31, 2019	252,840	252,840
v) Group's share of contingent liabilities of Askari Bank Limited (AKBL) as at March 31, 2019	37,880,759	84,106,897
vi) Contingent liabilities of Fauji Meat Limited (FML)	58,113	58,113
vii) Contingent liabilities of Fauji Foods Limited (FFL)	81,010	83,510

Commitments

i) Capital expenditures - FFBL	1,718,127	1,727,516
ii) Letters of credit - FFBL	941,411	812,323
iii) Commitments with Fauji Foundation for investment in FWEL - I & FWEL - II	378,185	363,971
iv) Group's share of commitments of PMP as at March 31, 2019	33,814	11,983
v) Commitments - FML	29,768	22,699
vi) Commitments - FPCL	482,600	1,073,466
vii) Group's share of commitments of FCCL as at March 31, 2019	10,676	9,098
viii) Commitments - FFL	462,770	369,120

8 PROPERTY, PLANT AND EQUIPMENT

Opening written down value	50,077,055	50,267,619
Additions during the period / year	1,382,377	3,668,322
Right to use asset	133,686	-
Cost of disposals during the period / year	(101,866)	(77,657)
Depreciation during the period / year	(1,647,535)	(3,170,147)
Accumulated depreciation on disposals during the period / year	56,073	56,360
Adjustments during the period / year	(30,713)	(667,442)
Closing written down value	49,869,077	50,077,055

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
(Rupees '000)	

9 LONG-TERM INVESTMENTS

Investment in joint venture - equity method

Pakistan Maroc Phosphore S.A, Morocco (PMP)

Balance brought forward	4,770,687	4,105,395
Share of profit	242,573	640,983
Dividend	(764,021)	(812,822)
Gain on translation of net assets	508,404	837,131
Closing balance	4,757,643	4,770,687

Investment in associates - equity method

Fauji Cement Company Limited (FCCL)

Balance brought forward	420,371	407,743
Share of profit	21,609	50,128
Dividend	(14,062)	(37,500)
Closing balance	427,918	420,371

Foundation Wind Energy - I Limited (FWEL-I)

Opening balance	2,388,392	2,038,217
Share of (loss) / profit	(66,088)	350,175
Dividend	(52,500)	-
Closing balance	2,269,804	2,388,392

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

Opening balance	2,430,853	2,075,568
Share of (loss) / profit	(63,550)	355,285
Dividend	(122,500)	-
Closing balance	2,244,803	2,430,853

Askari Bank Limited (AKBL)

Opening balance	7,498,015	7,072,138
Share of profit	571,626	1,005,787
Dividend	(271,884)	-
Revaluation reserve of available for sale investment	(436,547)	(606,296)
Effect of translation	3,980	26,386
Closing balance	7,365,190	7,498,015

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
	-	-
	17,065,358	17,508,318

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

10 OTHER RECEIVABLES

This includes an amount of Rs. 2,550 million (December 31, 2018: Rs. 2,293 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.

11 SHORT-TERM INVESTMENTS

The balance at the period end includes investments in term deposits receipts of various banks, having maturity periods upto 5 months, and carrying mark-up between 10.75% to 12.30% per annum (December 31, 2018: 10.50% to 12.25% per annum).

12 COST OF SALES

	(Un-audited) Quarter ended June 30,		(Un-audited) Half year ended June 30,	
	2019	2018	2019	2018
	(Rupees '000)		(Rupees '000)	
Raw materials consumed	17,538,585	12,370,945	29,717,788	22,342,858
Packing materials consumed	664,058	822,146	1,310,476	1,717,581
Fuel and power	318,243	290,741	639,380	586,857
Ash dumping	9,516	6,307	13,198	15,219
Lairage	517	-	1,792	-
Utilities	1,981	13,838	14,546	59,004
Milk collection charges	-	51,224	-	116,522
Chemicals and supplies consumed	111,629	137,402	279,681	288,141
Freight and forwarding	61,654	121,708	61,654	121,708
Salaries, wages and benefits	698,173	682,055	1,250,379	1,140,078
Rent, rates and taxes	30,449	46,230	50,956	60,860
Insurance	48,380	42,293	92,061	82,020
Travel and conveyance	54,549	47,810	104,553	88,545
Repairs and maintenance	223,025	215,350	931,905	1,002,676
Communication, establishment and others expenses	38,156	39,047	80,352	87,049
Depreciation	757,390	730,023	1,494,382	1,454,619
Opening stock - work in process	148,751	93,937	133,055	129,948
Closing stock - work in process	(95,212)	(296,714)	(95,212)	(296,714)
Cost of goods manufactured	20,609,844	15,414,342	36,080,946	28,996,971
Opening stock - finished goods	12,572,520	2,075,431	3,155,514	467,002
Closing stock - finished goods	(14,979,717)	(6,770,794)	(14,979,717)	(6,770,794)
Cost of sales	18,202,647	10,718,979	24,256,743	22,693,179

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Quarter ended June 30,		Half year ended June 30,	
	2019	2018	2019	2018
	(Rupees '000)		(Rupees '000)	
13 OTHER INCOME				
<i>Share of profit / (loss) from joint venture and associates</i>				
Pakistan Maroc Phosphore S.A, Morocco	209,859	(156,045)	242,573	(59,417)
Foundation Wind Energy - I Limited	(12,384)	(23,622)	(66,088)	(91,171)
Foundation Wind Energy - II (Pvt) Limited	(10,637)	(21,206)	(63,550)	(83,209)
Fauji Cement Company Limited	8,047	11,282	21,609	22,139
Askari Bank Limited	396,625	297,087	571,626	522,622
	591,510	107,496	706,170	310,964
Profit on bank balances & term deposits	172,667	126,475	326,963	280,268
Gain / Dividend from mutual funds	9,684	56,079	63,796	99,436
Cash bonus on mutual funds	9,094	-	66,318	-
Subsidy income on Urea	-	141,328	-	314,619
Mark-up and guarantee fee	-	2,154	-	4,607
Scrap sale and other receipts	83,446	39,293	104,975	85,343
Gain / (loss) on disposal of property, plant and equipment	15,456	(465)	20,473	(996)
Miscellaneous income	4,163	4,148	6,833	9,625
	294,510	369,012	589,358	792,902
	886,020	476,508	1,295,528	1,103,866
14 TAXATION - NET				
Current tax	442,954	540,220	575,770	846,472
Deferred tax	(706,110)	(208,110)	(760,260)	(591,042)
	(263,156)	332,110	(184,490)	255,430

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

		Half year ended June 30,	
		2019	2018
		(Rupees '000)	
15 CASH USED IN OPERATIONS			
Loss before taxation		(3,688,941)	(1,386,768)
Adjustment for non-cash charges and other items:			
Provision for gratuity		46,668	38,447
Exchange losses		932,967	535,042
Provision for compensated absences		55,028	52,687
Provision for Workers' Welfare Fund		-	26,843
Provision for Workers' Profit Participation Fund		94,965	194,155
Provision for debtors		70,498	-
Amortization of transaction cost of long-term finance		21,113	16,520
Depreciation		1,654,365	1,588,478
Finance cost		4,246,336	2,243,846
Profit on bank balances and term deposits		(393,281)	(280,268)
Income on mutual funds		(63,796)	(99,436)
Guarantee fee		-	(4,100)
Profit from joint venture and associates - net		(706,170)	(310,964)
Mark-up on sub-ordinated loans		-	(507)
(Gain) / loss on disposal of property, plant and equipment		(20,473)	996
Operating profit before working capital changes		2,249,279	2,614,971
Changes in working capital:			
Stores and spares		(97,465)	3,955
Stock-in-trade		(14,172,592)	(7,644,390)
Trade debts		(2,889,554)	(814,604)
Advances		583,472	(410,379)
Trade deposits and short-term prepayments		35,614	(116,928)
Other receivables		169,703	(1,499,596)
Sales tax refundable		(2,146,581)	(1,545,784)
Trade and other payables		2,765,474	2,345,555
		(15,751,929)	(9,682,171)
Cash used in operations		(13,502,650)	(7,067,200)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

16 RELATED PARTY TRANSACTIONS

Fauji Fertilizer Company Limited (FFCL) has 49.88% share holding in FFBL (2018: 49.88%), while Fauji Foundation (FF) holds 18.29% shares (2018: 18.29%) in the Holding Company. The Group has related parties which comprise of a joint venture, entities under common directorship, directors, key management personnel and employees' funds. Transactions with related parties and the balances outstanding at the period end are given below. The carrying value of investment in associates and joint venture are disclosed in note 9 to the condensed interim consolidated financial statements.

	Half year ended June 30,	
	2019	2018
	(Rupees '000)	
Transactions with Fauji Foundation:		
Dividend paid	170,842	128,132
Services provided	3,738	4,193
Balance receivable at the period end	616	- *
Balance payable at the period end	-	3,118 *
Transactions with associates:		
Fauji Fertilizer Company Limited		
Services and material acquired	462,459	517,748
Services and material provided	-	3,085
Receipts under consignment account	19,456,829	12,107,203
Commission charged	8,322	9,272
Dividend paid	465,892	349,419
Askari Bank Limited		
Balances at bank	2,888,245	431,728 *
Profit on bank balances	50,073	45,514
Long-term loans	500,000	500,000 *
Mark-up on long-term loans	25,688	9,188
Mark-up payable on long-term loans	19,490	- *
Running finance	1,235,880	745
Finance cost charged	36,478	7,420
Lease liability against asset subject to finance lease	65,630	30,170
Dividend received	271,884	-
Fauji Cement Company Limited		
Dividend received	14,063	-
Foundation Wind Energy - I Limited & Foundation Wind Energy - II (Private) Limited		
Mark-up and guarantee fee	-	4,607
Dividend received	175,000	-
Others		
Transactions with Fauji Foundation Hospital	136	108
Transactions with Foundation Gas	489	343

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Half year ended June 30,	
	2019	2018
	(Rupees '000)	
Transactions with joint venture:		
Purchase of raw materials	19,005,452	11,782,422
Expenses incurred on behalf of joint venture	5,122	6,699
Balance payable at the period end - secured	9,342,754	7,091,973 *
Balance receivable at the period end - unsecured	780,757	302,355 *
Other related parties:		
Contribution to Provident Fund	66,152	37,248
Payment to Workers' Welfare Fund & Workers' (Profit) Participation Fund	139,502	151,816
Remuneration of key management personnel	222,981	238,951
Balance payable at the period end - unsecured (WWF and WPPF)	657,017	701,555 *
Payable to Gratuity Fund	192,070	150,183 *
Payments to Fauji Security Services (Private) Limited	1,796	-

*These balance of accounts, appearing as comparatives, are as at December 31, 2018 (audited).

In addition to above:

- Ranking charge amounting to US\$ 91,456,667 and Rs. 4,000 million (2018: US\$ 91,456,667 and Rs. 4,000 million) has been registered on assets of FFBL in respect of project financing arranged by Foundation Wind Energy - I Limited (FWEL-I).
- Ranking charge amounting to US\$ 89,146,667 and Rs. 4,000 million (2018: US\$ 89,146,667 and Rs. 4,000 million) has been registered on assets of FFBL in respect of project financing arranged by Foundation Wind Energy - II (Private) Limited (FWEL-II).

17 SEGMENT REPORTING

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

	Fertilizer	Food	Meat	Power	Elimination-net	Consolidated
	(Rupees' 000)					
June 30, 2019						
Revenue	21,497,499	2,534,803	1,125,385	8,126,264	(4,803,284)	28,480,667
(Loss) / Profit after tax	(1,951,121)	(2,177,114)	(682,894)	1,754,116	(447,438)	(3,504,451)
June 30, 2018						
Revenue	18,928,401	3,873,698	352,590	8,125,079	(4,163,962)	27,115,806
(Loss) / Profit after tax	(993,686)	(1,471,904)	(555,219)	1,627,536	(248,925)	(1,642,198)
June 30, 2019						
Assets	95,424,402	13,490,319	8,239,901	33,146,013	(14,748,962)	135,551,673
Liabilities	84,412,177	13,914,433	7,892,290	19,626,979	(6,033,423)	119,812,456
December 31, 2018						
Assets	80,363,984	13,166,900	7,697,138	34,263,300	(10,850,912)	124,640,410
Liabilities	66,466,528	11,413,902	6,666,632	22,498,383	(2,441,494)	104,603,951

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2019

18 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

18.1 Financial risk factors

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

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

18.2 Fair Value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2)
- Inputs for the asset or liability that are no based on observable market data (level 3)

	Level 1	Level 2	Level 3
	(Rupees' 000)		

June 2019 - Un-audited

ASSETS

Financial assets at fair value through profit or loss

- Short-term investments	258,517	-	-
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December 2018 - audited

ASSETS

Financial assets at fair value through profit or loss

- Short-term investments	5,345,646	-	-
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19 GENERAL

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

19.2 These condensed interim consolidated financial statements were authorized for issue on July 26, 2019 by the Board of Directors of the Company.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

