



FFBL

Fauji Fertilizer Bin Qasim Limited

Ref. No. 33.1/Sectt/C

21 July 2023

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road, Karachi - 74000

Director/HOD (Enforcement Department)
Securities and Exchange Commission of Pakistan
NIC Building, Jinnah Avenue, Islamabad

Subject: **Financial Results for the Period Ended 30 June 2023**

Dear Sir,

1. It is informed that the Board of Directors of our Company, in their meeting held at FFBL Tower, DHA-II, Islamabad on 21 July 2023, recommended the following:

- | | | | |
|----|---|---|-----------------|
| a. | Cash Dividend | : | Nil |
| b. | Bonus Issue | : | Nil |
| c. | Right Shares | : | Nil |
| d. | Any other Entitlement / Corporate Action. | : | Nil |
| e. | Any other price sensitive Information. | : | Refer to para 4 |

2. The Financial Results of the Company for the period ended 30 June 2023, comprising of Statement of Profit or Loss (Unconsolidated as Annex-A and Consolidated as Annex-B) are attached.

3. **FINANCIAL RESULTS – OVERVIEW**

- i. The Company continued to face the economic and business headwinds throughout the period. Within the fertilizer sector, the Company has been most severely hit by the economic crises since, contrary to the other fertilizer companies which secure raw material domestically, the Company has to import its primary raw material, Phosphoric Acid. Due to huge volatility in foreign exchange rate and non-availability of foreign exchange, the Company suffered exchange loss of PKR 4.6 Billion in Q1 2023 and PKR 65 Million in Q2 2023 (Q1 2022: 566 Million and Q2 2022: 2.5 Billion).
- ii. Average SBP policy rate during the current six-month period was 19.7% in comparison to 11.5% during the Same Period Last Year (SPLY). Similarly, the average foreign exchange rate during the current six-month period was 272 in comparison to 186 in SPLY. DAP domestic market decreased by 14% as compared with SPLY, whereas, Company's market share increased to 58% from 56% in SPLY on the backdrop of effective marketing strategy.
- iii. Higher interest rates and carryover of higher DAP inventory due to floods resulted in finance cost of PKR 5.3 Billion during the current six months period as compared to PKR 1.6 Billion in SPLY.
- iv. The Company received 6,489 MMSCF gas supply during the current six months period as compared to 9,726 MMSCF in SPLY, representing 33% lesser gas supplies. Moreover, DAP plant was also shut down for additional 33 days during the current six months period for better inventory management. Consequently, the Urea and DAP production was lower by 79 KT and 213 KT respectively representing 30% and 47% decrease respectively in comparison to SPLY.



- v. In Q2 2023, the gross profit is PKR 4.5 Billion (SQLY: PKR 8.8 Billion), operating profit is PKR 2.7 Billion (SQLY: PKR 7.1 Billion) and profit after tax is PKR 0.5 Billion (SQLY: PKR 1.8 Billion). Also included in these results is an additional loss of PKR 1.8 Billion (PKR 2.5 Billion for six months period) arising from the Government's GST policy which was discriminatory to domestic producer of DAP.
- vi. On a Consolidated basis during Q2 2023, the Company reported gross profit of PKR 7.9 Billion (SQLY: PKR 10.9 Billion), operating profit of PKR 5.3 Billion (SQLY: PKR 8.6 Billion) and ever-highest profit after tax of PKR 1.4 Billion (SQLY: PKR 0.9 Billion). Better performance is due to excellent business performance by Fauji Foods Limited as it achieved profit after tax in Q2 2023 for the first time since its acquisition in 2015. Fauji Meat Limited also delivered improved performance due to higher capacity utilization.

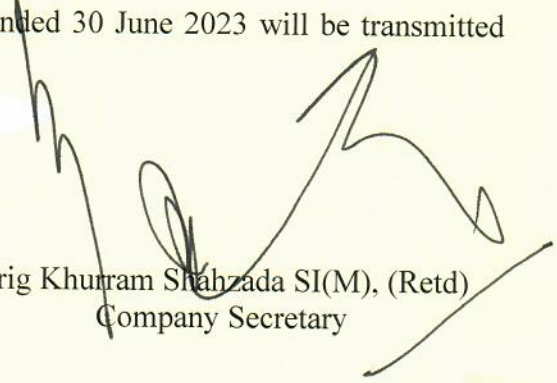
Future Outlook

- vii. The Company welcomes the resolution of GST discrimination with FFBL by the Government with appropriate legislation through Finance Act 2023 (applicable from 01 July 2023). This development will have a favorable impact on the business performance of FFBL.
- viii. The profitability of the Company is likely to come under pressure due to the downward trajectory in DAP margins in the international market.
- ix. The Government should consider enhancing the subsidy on DAP to ensure its optimal use for higher crop yields.

4. In accordance with Section 96 of the Securities Act, 2015 (the "Securities Act") and Regulation 5.6.1. of the Pakistan Stock Exchange Limited Regulations (the "PSX Regulations"), we hereby convey that the Company has received a binding, conditional offer (the "Offer") from Fauji Foundation to purchase one hundred percent (100%) of the shares owned by the Company in its subsidiary Fauji Meat Limited (the "Target"), which constitutes ninety-five point zero seven percent (95.07%) of the shares in the Target, for a consideration of PKR 4.3 Billion (the "Proposed Transaction"). The Proposed Transaction has been recommended by the Board of Directors of the Company for approval of the majority shareholders of the Company (in EOGM) and thereafter, the execution of the respective share purchase agreement.

5. The half yearly report of the Company for the period ended 30 June 2023 will be transmitted through PUCARS separately, within the specified time.

Regards




Brig Khuram Shahzada SI(M), (Retd)
Company Secretary

FAUJI FERTILIZER BIN QASIM LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

Annexure-A

	Quarter ended June 30,		Half year ended June 30,	
	2023	2022	2023	2022
	(Rupees '000)		(Rupees '000)	
Sales - net	35,234,803	46,148,964	66,757,504	70,932,931
Cost of sales	(30,689,118)	(37,358,207)	(59,967,396)	(56,752,880)
Gross profit	4,545,685	8,790,757	6,790,108	14,180,051
Selling and distribution expenses	(1,566,980)	(1,321,920)	(2,253,522)	(3,008,738)
Administrative expenses	(322,908)	(351,761)	(596,630)	(706,866)
Operating profit	2,655,797	7,117,076	3,939,956	10,464,447
Finance costs	(2,837,063)	(906,632)	(5,325,051)	(1,612,198)
Exchange loss - net	(65,122)	(2,484,867)	(4,684,956)	(3,050,391)
Other expenses	(90,916)	(481,225)	(92,232)	(864,760)
Other income	2,540,587	3,250,646	3,438,862	4,366,446
	2,203,283	6,494,998	(2,723,421)	9,303,544
Other losses				
Unwinding cost of GIDC payable	(136,909)	(233,628)	(299,541)	(491,570)
Loss allowance on subsidy receivable from GoP	(56,000)	-	(56,000)	-
	(192,909)	(233,628)	(355,541)	(491,570)
Profit / (loss) before taxation	2,010,374	6,261,370	(3,078,962)	8,811,974
Taxation - net	(1,531,334)	(4,478,183)	(1,871,211)	(5,401,924)
Profit / (loss) after taxation	479,040	1,783,187	(4,950,173)	3,410,050
Earnings / (loss) per share - basic and diluted (Rupees)	0.37	1.38	(3.83)	2.64


Brig Khurram Shanzada, SI(M). (Retd)
 Company Secretary
 Fauji Fertilizer Bin Qasim Limited
 FFBL Tower, DHA-II, Islamabad

FAUJI FERTILIZER BIN QASIM LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2023

Annexure-B

	Quarter ended June 30,		Half year ended June 30,	
	2023	2022	2023	2022
	(Rupees '000)		(Rupees '000)	
Sales - net	41,490,257	51,502,092	81,231,893	80,415,356
Cost of sales	(33,572,153)	(40,570,212)	(68,176,397)	(62,559,149)
Gross profit	7,918,104	10,931,880	13,055,496	17,856,207
Selling and distribution expenses	(2,006,711)	(1,736,196)	(3,146,309)	(3,801,667)
Administrative expenses	(591,338)	(622,254)	(1,167,436)	(1,198,399)
	5,320,055	8,573,430	8,741,751	12,856,141
Finance costs	(3,735,385)	(1,728,330)	(7,117,331)	(3,130,140)
Exchange loss - net	(92,291)	(2,710,809)	(4,951,918)	(3,291,680)
Other operating expenses	(185,115)	(482,674)	(251,393)	(728,246)
Other losses				
Unwinding of GIDC payable	(136,909)	(233,628)	(299,541)	(491,570)
Loss allowance on subsidy receivable from GoP	(56,000)	-	(56,000)	-
	(192,909)	(233,628)	(355,541)	(491,570)
	1,114,355	3,417,989	(3,934,432)	5,214,505
<i>Other income</i>				
Share of profit of associate and joint venture - net	732,537	1,502,968	871,171	3,380,175
Others	1,412,478	592,793	2,326,615	1,469,707
	2,145,015	2,095,761	3,197,786	4,849,882
Profit / (Loss) before taxation	3,259,370	5,513,750	(736,646)	10,064,387
Taxation - net	(1,868,652)	(4,629,611)	(2,506,796)	(5,980,819)
Profit / (Loss) after taxation	1,390,718	884,139	(3,243,442)	4,083,568
Profit / (Loss) attributable to:				
- Owners of the Holding Company	1,023,817	861,643	(3,831,064)	4,054,507
- Non-controlling interest	366,901	22,496	587,622	29,061
	1,390,718	884,139	(3,243,442)	4,083,568
Earnings / (Loss) per share - basic and diluted (Rupees)	0.79	0.67	(2.97)	3.14


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