



HALF YEARLY  
REPORT | 2023



## COMPANY INFORMATION

### DIRECTORS

Mr. Waqar Ahmed Malik  
Chairman

Mr. Arif-ur-Rehman  
Chief Executive Officer

Mr. Sarfaraz Ahmed Rehman

Dr. Nadeem Inayat

Mr. Qamar Haris Manzoor

Syed Bakhtiyar Kazmi

Ms. Pouruchisty Sidhwa

Ms. Saira Nasir

Mr. Bahauddin Khan

### COMPANY SECRETARY

Brig. Khurram Shahzada, SI(M), (Retd)

### CHIEF FINANCIAL OFFICER

Mr. Muhammad Javed Akhtar

### REGISTERED OFFICE

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Email: information@ffbl.com

### WEB PRESENCE

www.ffbl.com

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### 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

The First Micro Finance Bank Limited

Soneri Bank Limited

Summit Bank Limited

JS Bank Limited

Samba Bank Limited

Zarai Taraqati Bank Limited

Industrial & Commercial 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

Bank Al-Falah Limited

Bank Al-Habib Limited

Silk Bank Limited

The Bank of Punjab

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### LEGAL ADVISORS

Orr Dignam & Co,  
Advocates, Marina Heights,  
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Blue Area, Islamabad.  
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### AUDITORS

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

### SHARES REGISTRAR

Corplink (Pvt) Limited  
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# Directors' Review

## For the Half Year Ended June 30, 2023

Dear Shareholders,

We present the Director's Review Report on behalf of the Board of Directors of Fauji Fertilizer Bin Qasim Limited (FFBL) for the half-year ended June 30, 2023.

During this period, the Company has faced an unprecedented series of challenges that have significantly impacted our financial performance, resulting in a loss after tax of PKR 4.95 billion, compared to the profit after tax of PKR 3.41 billion recorded in the same period last year (SPLY). We would like to provide a comprehensive overview of the multiple factors that contributed to this adverse financial outcome.

- 1. Rupee Devaluation and Payment Delays:** The economic crisis in Pakistan led to a widening current account deficit, further straining the country's financial resources. In response to this challenge, the State Bank of Pakistan took the difficult decision to stop payments against foreign contracts in July 2022. As a consequence, payment to key suppliers, including PMP (OCP), Morocco, was delayed until Q1 2023 when the rupee had undergone significant devaluation from PKR 229 to PKR 270 against the US dollar. It is necessary to point out that within the fertilizer sector, this drastic depreciation only directly impacted FFBL, since we are the only fertilizer company that relies on importing its primary raw material, Phosphoric acid - other urea manufacturers benefit from domestic gas as their main raw material. This impact alone, because of the Rupee depreciation and delayed payment, in the reporting period is PKR 3.6 billion.
- 2. Impact of Inflation:** The economic crisis also led to soaring inflation, reaching a staggering 38% year-on-year by June 30, 2023. The high inflation rate not only escalated our production costs but also reduced consumer purchasing power, leading to decreased demand for Diammonium Phosphate (DAP). Moreover, coupled with unfavorable exchange rates, it became challenging for us to pass on the entire cost burden to consumers. This imbalance between higher input costs and limited pricing flexibility significantly impacted our profit margins.
- 3. Demand Reduction Due to Floods:** In addition to the economic crisis, Pakistan faced widespread floods in 2022, which resulted in reduced agricultural activity and demand for fertilizers. The decrease in demand further exacerbated the challenges in the domestic DAP market and led to inventory build-up and increased debt levels.
- 4. Escalating Interest Rates:** The State Bank of Pakistan's decision to increase interest rates from average of 11.5% last year to average 20% this year, coupled with high debt levels, added further financial burden on the company, significantly increasing our interest expense and impacting profitability by PKR 3.7 billion as total financial charges reached at PKR 5.3 billion (SPLY: PKR 1.6 billion).
- 5. Last but not least, a major challenge has been the discriminatory Government policies that directly affected our operations as the sole manufacturer of DAP in the country. The 'Government's policies, unfortunately, favored importers of finished DAP by exempting them from General Sales Tax (GST), while applying GST on the raw materials procured by FFBL for DAP production. This disparity put the Company at a significant disadvantage, leading to an additional burden of PKR 2.5 billion on our production cost during the current six months period. The discriminatory tax treatment not only affected our cost structure but also impacted our competitiveness in the market.**
- 6. In addition to the GST issue, the Government's decision to impose/increase super tax on the profit of 2022 further exacerbated the financial strain on the Company, resulting in an additional burden of PKR 839 million during the half-year.**
- 7. The combination of discriminatory tax policies, super tax, and the prevailing economic challenges, including high inflation and currency devaluation, collectively led to the reported loss for the first half of 2023.**

We would like to point out to our shareholders that if we only eliminate the impact of exchange loss on delayed payments to OCP; discriminatory GST policy of GOP Jan – June 2023 and impact of higher interest cost, your company would have made a profit of PKR 5 billion, higher than last year.

### PLANT OPERATIONS

The Company received 6,489 MMSCF feed gas supplies during the period in comparison to 9,726 MMSCF feed

gas supplies in SPLY, representing 33% gas curtailments. Moreover, DAP plant was also shut down for additional 33 days during the period for better inventory management.

Consequently, DAP production during the period decreased by 47% to 236 KT (SPLY: 449 KT) and Urea production decreased by 30% to 183 KT (SPLY: 262 KT).

At the close of current period, the Company has successfully achieved 24.8 Million safe-man-hours in line with our commitment towards health and safety of our people.

## **MARKET PERFORMANCE**

The domestic DAP market is estimated to have declined by 14% to 476 KT during the period (SPLY: 555 KT). Whereas the Company's sales dropped by 12% to 274 KT (SPLY: 311 KT). As a result, the Company's market share strengthened to 58% (SPLY: 56%).

The domestic Urea market is also estimated to have declined by 4% to 3,101 KT during the period (SPLY: 3,246 KT). Whereas the Company's sales dropped by 31% to 180 KT (SPLY: 262 KT) primarily due to decline in production owing to gas curtailments.

## **SUBSIDIARIES PERFORMANCE**

For the first time ever since its acquisition in 2015, Fauji Foods Limited (FFL) has delivered profits by achieving profit after tax of PKR 22 Million for the Q2 2023. During the half year ended 30 June 2023, FFL achieved 109% growth in revenue to PKR 9.8 Billion (SPLY: PKR 4.8 Billion) and its gross profit margin improved to 12.5% (SPLY: 3.7%). This is backed by improving business fundamentals including route to market strategy, strengthening brand value and focus on sales to institutional businesses.

Going forward, as FFL's legacy debts are paid off, its performance is expected to improve on the backdrop of cost optimization, product and brand enhancement and distribution channel improvements.

The operations of FFBL Power Company Limited (FPCL) remained safe and profitable. In May 2023, the power plant encountered a technical malfunction, and as of the reporting date, power supply to the Company's plant has not yet been restored as remedial measures are still in progress. Nevertheless, FPCL has been consistently supplying power to K-Electric and steam to the Company. The Company is currently utilizing its own gas turbines to meet its power requirement.

Fauji Meat Limited (FML) has reported PKR 95 Million loss after tax for the period (SPLY: PKR 412 Million). The Company has received an offer from Fauji Foundation for purchase of 100% of shares owned by the Company in FML for consideration of PKR 4.3 Billion. The Board of Directors of the Company has recommended the transaction for approval to majority shareholders of the Company.

## **OUTLOOK**

Dear Shareholders, while we have already outlined the various factors contributing to this loss, we must also acknowledge a concerning aspect that has been impacting our company—the lack of understanding by the Government regarding the importance of DAP for increasing crop yields.

DAP is a critical fertilizer that plays a pivotal role in enhancing agricultural productivity and ensuring food security for our nation. As the sole manufacturer of DAP in the country, FFBL holds a strategic position in fulfilling the demand for this essential agricultural input. Unfortunately, the government's failure to comprehend the importance of DAP in increasing crop yields has resulted in policy decisions that do not promote balanced use of fertilizers. The repercussions of these decisions have been felt not only by our company but by farmers across the country, as they face challenges in accessing quality and affordable fertilizers that are crucial for improving agricultural output.

We have actively engaged with relevant authorities to highlight the vital role of DAP in enhancing agricultural productivity. We continue to advocate for supportive policies that recognize the significance of DAP and provide an environment conducive to the sustainable development of the sector—such as, but not limited to subsidy to farmers to promote consumption of DAP. This is perhaps critical to the objective of the Green Pakistan Initiative (GPI).

We would like to point out that over the last 5 years the payments to GOP on account of taxes and levies and

payments on account of social levies totaled to a substantial PKR 24 billion against a total payout to shareholders of "Zero"!

While we recognize and welcome the resolution of GST discrimination with FFBL through appropriate legislation in Finance Act 2023, we also urge the Government to recognize that curtailment of gas supplies to the fertilizer sector have far reaching implications. These include production cuts resulting in shortage, hoarding and price manipulation, forcing the Government to resort to costlier imports, a hit on foreign exchange reserves and hefty subsidization. Therefore, in order to ensure that benefits of GPI are not lost to imports and subsidization, the Government must ensure adequate gas supplies to the local fertilizer sector. We are in close coordination with the Government and are making every effort to ensure that the Company is supplied with contracted gas supplies.

The year 2023, so far, has proved to be a year of many challenges, local as well as international. We recognize that our country and we, as a business, are passing through turbulent times. Our ability to navigate through these testing times says everything about our endurance and commitment and that we are prepared to put our resilience to test and progress in an unstable world.

We believe that with joint effort of all stakeholders there is no limit to what we can achieve.

For and on behalf of the Board



**Arif-ur-Rehman**  
Chief Executive Officer



**Waqar Ahmed Malik**  
Chairman

**Islamabad**  
21 July 2023

ہیں، کیونکہ انہیں معیاری اور سستی کھادوں تک رسائی میں چیلنجز کا سامنا ہے جو کہ زرعی پیداوار کو بہتر بنانے کے لیے اہم ہیں۔

ہم نے متعلقہ حکام کے ساتھ فعال طور پر رابطہ کیا ہے تاکہ زرعی پیداوار کو بڑھانے میں DAP کے اہم کردار کو اجاگر کیا جاسکے۔ ہم حمایتی پالیسیوں کی وکالت کرتے رہتے ہیں جو DAP کی اہمیت کو تسلیم کرتی ہیں اور اس شعبے کی پائیدار ترقی کے لیے سازگار ماحول فراہم کرتی ہیں۔ جیسا کہ DAP کے استعمال کو فروغ دینے کے لیے کسانوں کو سبسڈی دینا لیکن اسی تک محدود نہیں، البتہ یہ گرین پاکستان انیشیٹیو (GPI) کے مقصد کے لیے اہم ہے۔

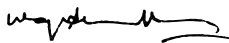
ہم اس بات کی نشاندہی کرنا چاہیں گے کہ گزشتہ 5 سالوں کے دوران حکومت کو ٹیکسز اور لیویز کی مد میں اور سوشل لیویز کی مد میں ادا بیگیوں کی کل رقم 24 ارب روپے جبکہ شیئر ہولڈرز کو کل ادائیگی "زیرو" تھی!

جب کہ ہم فنانس ایکٹ 2023 میں مناسب قانون سازی کے ذریعے FFBL کے ساتھ GST امتیازی سلوک کے حل کو تسلیم کرتے ہیں اور اس کا خیر مقدم کرتے ہیں، ہم حکومت سے یہ بھی مطالبہ کرتے ہیں کہ وہ یہ تسلیم کرے کہ کھاد کے شعبے کو گیس کی سپلائی میں کمی کے بہت دور رس اثرات ہیں۔ ان میں پیداوار میں کٹوتیاں شامل ہیں جس کے نتیجے میں قلت، ذخیرہ اندوزی اور قیمتوں میں ہیرا پھیری، حکومت کو ہنگی درآمدات کا سہارا لینے پر مجبور کرنا، زرمبادلہ کے ذخائر کو نقصان اور بھاری سبسڈی دینا شامل ہے۔ لہذا، اس بات کو یقینی بنانے کے لیے کہ گرین پاکستان انیشیٹیو کے فوائد درآمدات اور سبسڈی سے ضائع نہ ہوں، حکومت کو مقامی کھاد کے شعبے کو مناسب گیس کی فراہمی کو یقینی بنانا چاہیے۔ ہم حکومت کے ساتھ قریبی رابطے میں ہیں اور اس بات کو یقینی بنانے کی ہر ممکن کوشش کر رہے ہیں کہ کمپنی کو مقررہ مقدار کے ساتھ گیس فراہم کی جائے۔

سال 2023، اب تک، مقامی اور بین الاقوامی طور پر بہت سے چیلنجز کا سال ثابت ہوا ہے۔ ہم تسلیم کرتے ہیں کہ ہمارا ملک اور ہم، بطور کاروبار ہنگامہ خیز دور سے گزر رہے ہیں۔ ان آزمائشی وقت سے گزرنے کی ہماری صلاحیت، ہماری برداشت اور عزم کے بارے میں سب کچھ بتاتی ہے اور یہ کہ ہم ایک غیر متحکم دنیا میں اپنی صلاحیت کو آزمانے اور ترقی کرنے کے لیے تیار ہیں۔

ہمیں یقین ہے کہ تمام اسٹیک ہولڈرز کی مشترکہ کوششوں سے ہم جو کچھ حاصل کر سکتے ہیں اس کی کوئی حد نہیں ہے۔

مخائب بورڈ



وقار احمد ملک

چیئرمین



عارف الرحمن

چیف ایگزیکٹو آفیسر

اسلام آباد

21 جولائی 2023

مقامی یو ریما رکیٹ میں بھی اس مدت کے دوران 4 فیصد کمی سے 3,101 KT (گزشتہ سال 3,246 KT) ہونے کا تخمینہ لگایا گیا ہے۔ جبکہ کمپنی کی فروخت 31 فیصد کم ہو کر 180 KT (گزشتہ سال 262 KT) پر آگئی جس کی بنیادی وجہ گیس کی کمی ہے جس کی وجہ سے پیداوار میں کمی ہوئی۔

## سسپنڈیریٹ کی کارکردگی

2015 میں فوجی گروپ میں شمولیت کے بعد پہلی بار، فوجی فوڈز لمیٹڈ (FFL) نے 2023 کی دوسری سہ ماہی کے لیے 22 ملین روپے کا بعد از ٹیکس منافع حاصل کیا۔ 30 جون 2023 کو ختم ہونے والے ششماہی کے دوران، FFL نے آمدنی میں 9.8 ارب روپے (گزشتہ سال 4.8 ارب روپے) کے ساتھ 109 فیصد اضافہ حاصل کیا اور اس کے مجموعی منافع کا مارجن 12.5 فیصد (گزشتہ سال 7.3 فیصد) تک بڑھ گیا۔ اس کی وجہ کاروبار کے بنیادی اصولوں کو بہتر بنانا ہے جس میں مارکیٹ کی حکمت عملی، برانڈ ویلیو کو مضبوط کرنا اور ادارہ جاتی کاروباروں کو فروخت پر توجہ مرکوز کرنا شامل ہے۔

آگے بڑھتے ہوئے، جیسا کہ FFL کے قرضوں کی ادائیگی ہو چکی ہے، توقع ہے کہ لاگت میں کمی، مصنوعات اور برانڈ میں اضافہ اور ڈسٹری بیوٹن کے طریقہ کار میں اصلاح کے ذریعے اس کی کارکردگی میں بہتر ہوگی۔

ایف ایف بی ایل پاور کمپنی لمیٹڈ (FPCL) کے آپریشن محفوظ اور منافع بخش رہے۔ مئی 2023 میں، پاور پلانٹ کو تکنیکی خرابی کا سامنا کرنا پڑا، اور رپورٹنگ کی تاریخ تک، کمپنی کے پلانٹ کو بجلی کی فراہمی ابھی تک بحال نہیں ہو سکی ہے اور تدارک کے اقدامات ابھی جاری ہیں۔ اس کے باوجود، FPCL مسلسل K-Electric کو بجلی اور کمپنی کو سٹیٹیم فراہم کر رہا ہے۔ کمپنی فی الحال اپنی بجلی کی ضرورت کو پورا کرنے کے لیے اپنی گیس ٹرابائٹ کا استعمال کر رہی ہے۔

فوجی میٹ لمیٹڈ (FML) کو موجودہ مدت کے لیے 95 ملین روپے (گزشتہ سال 412 ملین روپے) کا بعد از ٹیکس نقصان ہوا۔ کمپنی کو فوجی فاؤنڈیشن کی جانب سے 3.4 ارب روپے کے عوض FML میں کمپنی کی ملکیت کی 100 فیصد شیئرز کی خریداری کے لیے پیشکش ہوئی ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز نے اس پیش کش کیلئے کمپنی کے شیئرز ہولڈرز سے منظوری کی سفارش کی ہے۔

## مستقبل پر نظر

محترم شیئرز ہولڈرز، جیسا کہ ہم نے پہلے ہی اس نقصان میں کردار ادا کرنے والے مختلف عوامل کا خاکہ پیش کر دیا ہے، ہمیں ایک متعلقہ پہلو کو بھی تسلیم کرنا چاہیے جو ہماری کمپنی کو متاثر کر رہا ہے وہ یہ کہ حکومت کی جانب سے فصل کی پیداوار بڑھانے کے لیے DAP کی اہمیت کو نہ سمجھنا ہے۔

ڈی اے پی (DAP) ایک اہم کھاد ہے جو زرعی پیداوار کو بڑھانے اور ہماری قومی غذائی تحفظ کو یقینی بنانے میں اہم کردار ادا کرتی ہے۔ ملک میں DAP کے واحد مینوفیکچرر کے طور پر، FFBL اس ضروری زرعی ان پٹ کی مانگ کو پورا کرنے میں ایک اسٹریٹجک پوزیشن رکھتا ہے۔ بد قسمتی سے، فصلوں کی پیداوار بڑھانے میں DAP کی اہمیت کو حکومت کے نہ سمجھنے کے نتیجے میں ایسے پالیسی فیصلے ہوئے ہیں جو کھادوں کے متوازن استعمال کو فروغ نہیں دیتے۔ ان فیصلوں کے اثرات نہ صرف ہماری کمپنی بلکہ ملک بھر کے کسانوں نے محسوس کیے



ارب روپے تک پہنچ گئے ہیں۔

5. آخری لیکن کم از کم، ایک بڑا چیلنج امتیازی حکومتی پالیسیاں رہا ہے جس نے ملک میں DAP کے واحد مینیوفیکچر کے طور پر ہمارے کاموں کو براہ راست متاثر کیا۔ بد قسمتی سے حکومت کی پالیسیوں نے تیار شدہ ڈی اے پی کے درآمد کنندگان کو جنرل سیلز ٹیکس (جی ایس ٹی) سے منتقلی قرار دے کر ان کی حمایت کی، جب کہ ڈی اے پی کی پیداوار کے لیے FFBL کی طرف سے خریدے گئے خام مال پر جی ایس ٹی لاگو کیا۔ اس تفاوت نے کمپنی کو ایک اہم نقصان پہنچایا، جس سے موجودہ چھ ماہ کی مدت کے دوران ہماری پیداواری لاگت پر 2.5 ارب روپے کا اضافی بوجھ پڑا۔ ٹیکس کے امتیازی سلوک نے نہ صرف ہماری لاگت کے ڈھانچے کو بلکہ مارکیٹ میں ہماری تقابلی حیثیت کو بھی متاثر کیا۔

6. جی ایس ٹی کے مسئلے کے علاوہ، 2022 کے منافع پر سپر ٹیکس بڑھانے کے حکومت کے فیصلے نے کمپنی پر مالی دباؤ کو مزید بڑھا دیا، جس کے نتیجے میں 2023 کی پہلی ششماہی کے دوران 839 ملین روپے کا اضافی بوجھ پڑا۔

7. امتیازی ٹیکس پالیسیاں، سپر ٹیکس، اور موجودہ اقتصادی چیلنجز کا امتزاج، بشمول بلند افراط زر اور کرنسی کی قدر میں کمی، اجتماعی طور پر 2023 کی پہلی ششماہی کے لیے پیش کردہ نقصان کا باعث بنیں۔

ہم اپنے شیئر ہولڈرز کو بتانا چاہیں گے کہ اگر ہم OCP کو تاخیر سے ادا کیگیوں پر ہونے والے زرمبادلہ کے نقصان، حکومت کی جنوری۔ جون 2023 کی امتیازی سیلز ٹیکس پالیسی اور زیادہ سود کی لاگت کے اثرات کو ختم کرتے ہیں تو آپ کی کمپنی 5 ارب روپے کا منافع کماتی، جو پچھلے سال سے زیادہ ہے۔

## پلانٹ آپریشنز

کمپنی نے اس مدت کے دوران گزشتہ سال کی اسی مدت میں 9,726 MMSCF فیڈ گیس کی فراہمی کے مقابلے میں MMSCF 6,489 فیڈ گیس کی فراہمی حاصل کی، جو کہ 33 فیصد گیس کی کٹوتی کی نمائندگی کرتی ہے۔ مزید برآں ڈی اے پی پلانٹ کو بھی انویسٹری کے بہتر انتظام کے لیے اس مدت کے دوران اضافی 33 دنوں کے لیے بند کیا گیا۔

نتیجتاً، اس مدت کے دوران ڈی اے پی کی پیداوار 47 فیصد کم ہو کر 236 KT (گزشتہ سال 449 KT) ہو گئی اور یورپا کی پیداوار 30 فیصد کم ہو کر 183 KT (گزشتہ سال 262 KT) ہو گئی۔

موجودہ مدت کے اختتام پر، کمپنی نے اپنے لوگوں کی صحت اور حفاظت کے حوالے سے ہمارے عزم کے مطابق 24.8 ملین سیف مین آؤرز کا مہیاہی کے ساتھ حاصل کیے ہیں۔

## مارکیٹ کی کارکردگی

اس مدت کے دوران ملکی DAP مارکیٹ میں 14 فیصد کمی سے 476 KT (گزشتہ سال 555 KT) ہونے کا تخمینہ لگایا گیا ہے۔ جبکہ کمپنی کی فروخت 12 فیصد کم ہو کر 274 KT (گزشتہ سال 311 KT) رہ گئی۔ نتیجے کے طور پر، کمپنی کا مارکیٹ شیئر 58 فیصد (گزشتہ سال 56 فیصد) ہو گیا۔

## ڈائریکٹر کا تجزیہ

30 جون 2023 کو ختم ہونے والی ششماہی کیلئے

### محترم شیئر ہولڈرز

ہم 30 جون 2023 کو ختم ہونے والی ششماہی کے لیے فوجی فریٹلائزر بن قاسم لمیٹڈ (FFBL) کے بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹرز کی جائزہ رپورٹ پیش کر رہے ہیں۔

اس عرصے کے دوران، کمپنی کو چیلنجز کے ایک بے مثال سلسلے کا سامنا کرنا پڑا جس نے ہماری مالی کارکردگی کو نمایاں طور پر متاثر کیا۔ جس کے نتیجے میں، گزشتہ سال کی اسی مدت میں ریکارڈ کیے گئے 3.41 ارب روپے کے بعد از ٹیکس منافع کے مقابلے میں، 95.4 ارب روپے کا بعد از ٹیکس نقصان ہوا۔ ہم ان متعدد عوامل کا ایک جامع جائزہ پیش کرنا چاہیں گے جنہوں نے اس منفی مالیاتی نتائج میں کردار ادا کیا۔

1. روپے کی قدر میں کمی اور ادائیگی میں تاخیر: پاکستان میں معاشی بحران نے کرنٹ اکاؤنٹ خسارے کو بڑھایا، جس سے ملک کے مالی وسائل پر مزید باؤ پڑا۔ اس چیلنج کے جواب میں، اسٹیٹ بینک آف پاکستان نے جولائی 2022 میں غیر ملکی معاہدوں کی ادائیگیوں کو روکنے کا مشکل فیصلہ کیا۔ نتیجتاً، امریکی ڈالر کے مقابلے میں روپے کی قدر میں 229 سے 270 روپے تک نمایاں کمی سے PMP (OCP) مراکش سمیت اہم سپلائرز کو ادائیگی 2023 کی پہلی سہ ماہی تک موخر کر دی گئی۔ یہ بتانا ضروری ہے کہ فریٹلائزر سیکٹر کے اندر، اس زبردست گراوٹ نے براہ راست FFBL کو متاثر کیا، کیونکہ ہم واحد فریٹلائزر کمپنی ہیں جس کا انحصار اپنے بنیادی خام مال فاسفورک ایسڈ کی درآمد پر ہے۔ دیگر یورپ میں نوٹیکسچرز اپنے بنیادی خام مال کا فائدہ ملکی گیس سے اٹھاتے ہیں۔ صرف اسی روپے کی قدر میں کمی اور ادائیگی میں تاخیر کا اثر، موجودہ مدت میں 3.6 ارب روپے ہے۔

2. افراط زر کا اثر: اقتصادی بحران نے بھی افراط زر میں اضافہ کیا، جو 30 جون 2023 تک 38 فیصد سالانہ تک پہنچ گئی۔ مہنگائی کی اونچی شرح نے نہ صرف ہماری پیداواری لاگت کو بڑھایا بلکہ صارفین کی قوت خرید کو بھی کم کیا، جس کی وجہ سے ڈائی امونیم فاسفیٹ (ڈی اے پی) کی مانگ میں کمی آئی۔ مزید برآں، ناموافق شرح مبادلہ کے ساتھ، ہمارے لیے لاگت کا سارا بوجھ صارفین پر ڈالنا مشکل ہو گیا۔ زیادہ ان پٹ لاگت اور قیمتوں میں محدود پلک کے اس عدم توازن نے ہمارے منافع کو نمایاں طور پر متاثر کیا۔

3. سیلاب کی وجہ سے طلب میں کمی: معاشی بحران کے علاوہ، پاکستان کو 2022 میں بڑے پیمانے پر سیلاب کا سامنا کرنا پڑا، جس کے نتیجے میں زریع سرگرمیاں متاثر ہوئیں اور کھادوں کی طلب میں کمی ہوئی۔ طلب میں کمی نے ملکی DAP مارکیٹ میں چیلنجز کو مزید بڑھادیا اور انٹینسٹی بڑھنے اور قرض کی سطح میں اضافہ کا باعث بنی۔

4. شرح سود میں اضافہ: اسٹیٹ بینک آف پاکستان کے گزشتہ سال کی شرح سود کو اوسطاً 11.5 فیصد سے بڑھا کر اس سال اوسطاً 20 فیصد کرنے کے فیصلے سے، قرضوں کی بلند سطحوں کے ساتھ، کمپنی پر مزید مالی بوجھ بڑھا، خاص طور پر ہمارے سود کے اخراجات میں اضافہ ہوا اور 3.7 ارب روپے سے منافع پر اثر پڑا کیونکہ مالیاتی اخراجات گزشتہ سال اسی مدت کے 1.6 ارب روپے کے مقابلے میں 5.3

**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 2023, 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-month period ended 30 June 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 30 June 2023.

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



Chartered Accountants

Place: Islamabad

Date: 22 August 2023

UDIN: RR202310120RuqWOWtNc

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

		June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
	Note	(Rupees '000)	
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	4	12,912,529	12,912,529
<b>Capital reserve</b>			
Share premium		1,632,729	1,632,729
<b>Revenue reserve</b>			
Accumulated profit		3,226,934	8,177,107
		<b>17,772,192</b>	<b>22,722,365</b>
<b>NON CURRENT LIABILITIES</b>			
Long term loans	5	15,875,000	18,458,334
Deferred liabilities	6	1,965,915	4,491,931
		<b>17,840,915</b>	<b>22,950,265</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	59,351,950	67,412,134
Advances from customers		2,091,835	769,261
Unpaid dividend		10,954	10,954
Unclaimed dividend		114,828	115,614
Provision for income tax - net		594,323	1,150,929
Accrued interest		1,641,651	1,242,847
Short term borrowings		25,507,317	28,213,376
Current portion of long term loans	5	5,104,167	5,275,000
		<b>94,417,025</b>	<b>104,190,115</b>
		<b>130,030,132</b>	<b>149,862,745</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		

The annexed notes, from 1 to 21, form an integral part of these condensed interim financial statements.

		June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
	Note	(Rupees '000)	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	9,569,709	9,953,442
Investment property		270,242	270,242
Long term investments	10	29,171,242	29,171,242
Long term advances		106,547	37,683
Long term deposits		78,643	78,643
		<b>39,196,383</b>	<b>39,511,252</b>
<b>CURRENT ASSETS</b>			
Stores and spares		2,169,276	1,918,024
Stock in trade	11	33,933,465	39,236,011
Trade debts		7,014,199	11,828,171
Advances		776,969	431,176
Trade deposits and short term prepayments		22,724	181,445
Interest accrued		32,716	43,069
Other receivables	12	9,398,755	3,430,097
Sales tax refundable - net		16,774,234	16,814,044
Short term investments	13	6,062,300	13,764,259
Cash and bank balances		14,649,111	22,705,197
		<b>90,833,749</b>	<b>110,351,493</b>
		<b>130,030,132</b>	<b>149,862,745</b>

  
CHAIRMAN

  
CHIEF EXECUTIVE


  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2023

	Note	Quarter ended June 30,		Half year ended June 30,	
		2023	2022	2023	2022
		(Rupees '000)		(Rupees '000)	
Sales - net	14	35,234,803	46,148,964	66,757,504	70,932,931
Cost of sales	15	(30,689,118)	(37,358,207)	(59,967,396)	(56,752,880)
<b>Gross profit</b>		<b>4,545,685</b>	<b>8,790,757</b>	<b>6,790,108</b>	<b>14,180,051</b>
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		<b>2,655,797</b>	<b>7,117,076</b>	<b>3,939,956</b>	<b>10,464,447</b>
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	16	<b>2,540,587</b>	<b>3,250,646</b>	<b>3,438,862</b>	<b>4,366,446</b>
		<b>2,203,283</b>	<b>6,494,998</b>	<b>(2,723,421)</b>	<b>9,303,544</b>
Other losses					
Unwinding cost of GIDC payable	6	(136,909)	(233,628)	(299,541)	(491,570)
Loss allowance on subsidy receivable from GoP		(56,000)	-	(56,000)	-
		<b>(192,909)</b>	<b>(233,628)</b>	<b>(355,541)</b>	<b>(491,570)</b>
<b>Profit / (loss) before taxation</b>		<b>2,010,374</b>	<b>6,261,370</b>	<b>(3,078,962)</b>	<b>8,811,974</b>
Taxation - net	17	(1,531,334)	(4,478,183)	(1,871,211)	(5,401,924)
<b>Profit / (loss) after taxation</b>		<b>479,040</b>	<b>1,783,187</b>	<b>(4,950,173)</b>	<b>3,410,050</b>
<b>Earnings / (loss) per share - basic and diluted (Rupees)</b>		<b>0.37</b>	<b>1.38</b>	<b>(3.83)</b>	<b>2.64</b>

The annexed notes, from 1 to 21, form an integral part of these condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	Quarter ended June 30,		Half year ended June 30,	
	2023	2022	2023	2022
	(Rupees '000)		(Rupees '000)	
<b>Profit / (loss) after taxation</b>	<b>479,040</b>	1,783,187	<b>(4,950,173)</b>	3,410,050
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of post employment benefit obligation	-	-	-	-
<b>Total comprehensive income / (loss)</b>	<b>479,040</b>	1,783,187	<b>(4,950,173)</b>	3,410,050

The annexed notes, from 1 to 21, form an integral part of these condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	Share capital	Capital reserve	Accumulated profit	Total
	(Rupees '000)			
Balance as at January 01, 2022 - audited	12,912,529	1,632,729	5,885,488	20,430,746
<b>Total comprehensive income</b>				
Profit for the period	-	-	3,410,050	3,410,050
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	3,410,050	3,410,050
<b>Balance as at June 30, 2022</b>	12,912,529	1,632,729	9,295,538	23,840,796
<b>Balance as at January 01, 2023 - audited</b>	12,912,529	1,632,729	8,177,107	22,722,365
<b>Total comprehensive income</b>				
Loss for the period	-	-	(4,950,173)	(4,950,173)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(4,950,173)	(4,950,173)
<b>Balance as at June 30, 2023</b>	12,912,529	1,632,729	3,226,934	17,772,192

The annexed notes, from 1 to 21, form an integral part of these condensed interim financial statements.

  
CHAIRMAN

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	Note	Half year ended June 30,	
		2023	2022
		(Rupees '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operating activities	18	(5,087,930)	(14,896,610)
Taxes paid		(2,474,657)	(3,030,315)
Finance costs paid		(4,923,570)	(1,369,004)
Compensated absences paid		(16,913)	(15,486)
Payment to Gratuity Fund		(304,231)	-
Payment to Workers' (Profit) Participation Fund		(161,543)	(131,344)
Net cash used in operating activities		(12,968,844)	(19,442,759)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditures and advances		(185,163)	(135,923)
Sale proceeds from disposal of property, plant and equipment		9,717	23,149
Investment at fair value through profit and loss - net		7,736,458	8,305,762
Investment at amortized cost - net		-	(483,938)
Dividend received from related party		1,125,000	-
Long term loans disbursed		-	(801,452)
Profit received on bank balances and term deposits		1,687,758	1,207,276
Net cash generated from investing activities		10,373,770	8,114,874
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term loans - repaid		(2,754,167)	(2,179,164)
Short term borrowings - net		(1,500,000)	(200,000)
Dividend paid for prior periods		(786)	(108)
Net cash used in financing activities		(4,254,953)	(2,379,272)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(6,850,027)	(13,707,157)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		991,821	29,442,118
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		(5,858,206)	15,734,961
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents included in the condensed interim statement of cash flows comprise of the following condensed interim statement of financial position amounts:			
- Cash and bank balances		14,649,111	21,666,501
- Short term running finance		(20,507,317)	(5,931,540)
		(5,858,206)	15,734,961

The annexed notes, from 1 to 21, 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, 2023

## 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 ("the Act") with effect from May 31, 2017). The shares of the Company are quoted on Pakistan Stock Exchange. The registered office of the Company is situated at FFBL Tower, C1/C2, Sector B, Jinnah Boulevard, DHA Phase II, Islamabad, Pakistan. The principal objective of the Company is manufacturing, purchasing and marketing of fertilizers. The Company commenced its commercial production effective 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, 2022. The comparative Statement of Financial Position is extracted from the annual financial statements, as of December 31, 2022, whereas the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity are extracted from the un-audited condensed interim financial statements, for the half year ended June 30, 2022.

These condensed interim financial statements are unaudited 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, 2019. 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 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

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, 2022.

The significant estimates and judgements 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, 2022 except for the following:

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2023

a) Expected credit loss in respect of subsidy receivable – Updation of discount rate and pattern of recovery resulting from changes in economic conditions and planned government outlays.

b) Recoverable value of equity investment in Fauji Meat Limited (FML) – Updation of discount rate resulting from changes in economic conditions and expected time for disposal of long term assets.

c) Recoverable value of equity investment in Fauji Foods Limited (FFL) – Updation of discount rate and updated long term cashflow projections resulting from changes in economic conditions.

### 4 SHARE CAPITAL

#### 4.1 The status of significant shareholdings, as at June 30, 2023, are given below:

	No. of Shares	Percentage (%)
Fauji Fertilizer Company Limited	644,018,629	49.88
Fauji Foundation	236,161,393	18.29
	June 30, 2023	December 31, 2022
Note	(Un - audited)	(Audited)
	(Rupees '000)	

### 5 LONG TERM LOANS

Loans from banking companies - secured	20,979,167	23,733,334
Less: Current portion shown under current liabilities	5,104,167	5,275,000
	15,875,000	18,458,334

### 6 DEFERRED LIABILITIES

Compensated leave absences	489,781	476,770
Deferred taxation	6.1 841,834	888,672
Payable against GIDC	6.2 634,300	3,126,489
	1,965,915	4,491,931

#### 6.1 The balance of deferred tax is in respect of the following major taxable / (deductible) temporary differences:

Accelerated tax depreciation	1,819,687	1,598,758
Provision for inventory obsolescence	(112,853)	(95,491)
Provision against doubtful other receivables	(548,711)	(445,814)
Provision against allowance	(431,837)	(365,401)
Remeasurement gain on GIDC	115,548	196,620
	841,834	888,672

Upon promulgation of Finance Act, 2023, the applicable tax rate has increased from 33% to 39%.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
Note	(Rupees '000)	
<b>6.2 Payable against GIDC</b>		
Opening balance	21,738,026	20,846,828
Unwinding cost on GIDC payable	299,541	891,198
	<u>22,037,567</u>	<u>21,738,026</u>
Current portion of GIDC	7 (21,403,267)	(18,611,537)
	<u>634,300</u>	<u>3,126,489</u>

On September 22, 2020, the Company obtained stay from the Honorable Sindh High Court against payment of GIDC.

	June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
Note	(Rupees '000)	
<b>7 TRADE AND OTHER PAYABLES</b>		
Creditors	7.1 29,486,730	38,871,541
Payable against GIDC	6.2 21,403,267	18,611,537
Accrued liabilities	7,209,117	8,273,896
Workers' (Profit) Participation Fund	-	158,866
Workers' Welfare Fund	1,109,303	1,109,303
Payable to Gratuity Fund	41,321	304,231
Security deposits	102,212	82,760
	<u>59,351,950</u>	<u>67,412,134</u>

7.1 Creditors include payables to related parties amounting to Rs. 27,185 million (December 31, 2022: Rs. 37,475 million) against purchase of raw material, steam and power. The Company purchases raw material for use in production of fertilizer from PMP at discounted price, with a credit limit of 75 days.

	June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
	(Rupees '000)	
<b>8 CONTINGENCIES AND COMMITMENTS</b>		
<b>8.1 Contingencies</b>		
8.1.1 Guarantees issued by banks on behalf of the Company	159,904	154,123

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

**8.1.2** During the period, Commissioner Inland Revenue (Appeals) [CIR(A)] has decided appeals filed by the Company relating to tax years 2015 to 2020. The CIR(A) has decided certain matters in favor of tax authorities while remanding back most of the matters to tax authorities for decision in accordance with law after ascertaining the relevant facts. The Company has filed appeals against the decision of CIR (A), with Appellate Tribunal Inland Revenue (ATIR); which is under adjudication. The Company remains confident that the matters will eventually be decided in its favor, accordingly, no provision has been recognized in these condensed interim financial statements.

**8.1.3** During the period, FBR has raised demand amounting to Rs. 3,273 million, in respect of tax year 2022, mainly disallowing claim of expenditure under provisions of the Income Tax Ordinance, 2001. Being aggrieved, the Company has filed an appeal with CIR(A); which is under adjudication. The Company is confident that the matter will be decided in its favor, accordingly, no provision has been recognized in these condensed interim financial statements.

		June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
	Note	(Rupees '000)	
<b>8.2 Commitments</b>			
i) Capital expenditure - contracted		235,366	286,867
ii) Letters of credit for purchase of stores, spares and raw materials		25,164,112	15,332,081
For further commitments refer note 19.			
<b>9 PROPERTY, PLANT AND EQUIPMENT</b>			
Opening written down value		9,953,442	10,574,734
Additions during the period / year		116,299	370,050
Cost of disposals during the period / year		(55,872)	(70,062)
Depreciation charged during the period / year		(493,853)	(982,030)
Accumulated depreciation on disposals during the period / year		49,693	60,750
		<b>9,569,709</b>	<b>9,953,442</b>
<b>10 LONG TERM INVESTMENTS</b>			
Joint venture	10.1	1,411,150	1,411,150
Associated company	10.2	5,230,991	5,230,991
Subsidiary companies	10.3	22,529,101	22,529,101
Other long term investments	10.4	-	-
		<b>29,171,242</b>	<b>29,171,242</b>
<b>10.1 Investment in joint venture - at cost</b>			
Pakistan Maroc Phosphore S.A, Morocco (PMP)		1,411,150	1,411,150
<b>10.2 Investments in associates - at cost</b>			
<b>Quoted</b>			
Askari Bank Limited (AKBL)	10.5	5,230,991	5,230,991

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

		June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
	Note	(Rupees '000)	
<b>10.3 Investments in subsidiaries - at cost</b>			
<b>Quoted</b>			
Fauji Foods Limited (FFL)			
Gross value	10.6	14,055,516	13,346,766
Impairment in value of investment	10.7	(1,999,000)	(1,999,000)
		12,056,516	11,347,766
Share deposit money (Accrued markup)		-	708,750
		12,056,516	12,056,516
<b>Un-quoted</b>			
Fauji Meat Limited (FML)			
Gross value		10,916,960	10,916,960
Impairment in value of investment		(6,885,000)	(6,885,000)
		4,031,960	4,031,960
FFBL Power Company Limited (FPCL)		6,440,625	6,440,625
		22,529,101	22,529,101
<b>10.4 Investment - available for sale - unquoted</b>			
Arabian Sea Country Club Limited (ASCCL)			
300,000 ordinary shares of Rs.10 each		3,000	3,000
Impairment in value of investment		(3,000)	(3,000)
		-	-
<b>10.5</b> During the period, AKBL in its annual general meeting, shareholders approved bonus shares at the rate of 15% (of the face value of ordinary share capital), increasing its paid-up capital to 1,449,299,207 ordinary shares. These bonus shares shall rank pari passu in all respects with the existing ordinary shares of AKBL. Accordingly, number of shares held by FFBL have increased from 271,884,009 shares of Rs 10 each to 312,666,610 ordinary shares. Issue of bonus shares resulted in no change in percentage holding (21.57%).			
<b>10.6</b> During the period, pursuant to the approval and authorization of the Board of Directors, in their meeting held on September 29, 2022, the Company acquired further shares of FFL by way of other than right offer under Section 83 (1) (b) of the Companies Act, 2017 read with regulation 5 of the Companies Regulations, 2020 (Further Issue of Shares). Accordingly, 70,874,980 ordinary shares of Rs. 10 each of FFL were issued to the Company at par against share deposit money (resulting from conversion of accrued markup on sub-ordinated loan of Rs. 708,750 thousands to equity), resulting in total holding of 1,205,576,237 ordinary shares (47.84% holding, 2022: 71.63%). The Company continues to have control via a direct holding and shares held by FPCL (15.87% holding).			



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

**10.7** As at the reporting date, the Company performed impairment testing for its investment in Fauji Foods Limited (FFL). The Company has determined recoverable amount of FFL, based on a value-in-use calculation, which was higher than the carrying amount of the investment in the Company's condensed interim financial statements, accordingly, no impairment has been recognized.

**11 STOCK IN TRADE**

This includes finished goods stock amounting to Rs. 24,243 million (December 31, 2022: Rs. 32,411 million) and raw material in transit amounting to Rs. 3,043 million (December 31, 2022: Rs. Nil).

**12 OTHER RECEIVABLES**

This includes an amount of Rs. 5,156 million (December 31, 2022: Rs. 1,357 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, 2023 (Un - audited)	December 31, 2022 (Audited)
(Rupees '000)	

**13 SHORT TERM INVESTMENTS**

**Investments at fair value through profit or loss**

Mutual Funds	<b>6,062,300</b>	13,764,259
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**14 SALES - NET**

	Quarter ended June 30,		Half year ended June 30,	
	2023 (Rupees '000)	2022	2023 (Rupees '000)	2022
Gross sales	<b>35,239,650</b>	47,092,147	<b>66,766,660</b>	72,379,201
Less:				
Sales tax	-	936,367	-	1,434,832
Commission	<b>4,847</b>	6,816	<b>9,156</b>	11,438
	<b>4,847</b>	943,183	<b>9,156</b>	1,446,270
	<b>35,234,803</b>	46,148,964	<b>66,757,504</b>	70,932,931

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

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

Note	Quarter ended June 30,		Half year ended June 30,	
	2023	2022	2023	2022
	(Rupees '000)		(Rupees '000)	
<b>15 COST OF SALES</b>				
Raw materials consumed	29,005,304	39,128,893	37,464,867	67,425,492
Packing materials consumed	445,235	345,611	617,943	634,294
Fuel and power	5,868,437	5,122,949	10,770,960	9,250,976
Chemicals and supplies consumed	97,065	59,495	180,776	108,751
Salaries, wages and benefits	434,305	482,881	903,906	1,039,837
Rent, rates and taxes	13,935	12,345	27,870	24,649
Insurance	81,120	37,981	161,727	72,281
Travel and conveyance	69,133	41,126	132,085	81,022
Repairs and maintenance	281,429	501,328	1,069,768	678,419
Communication, establishment and other expenses	63,244	57,119	97,466	115,650
Provision for slow moving stores and spares	-	7,500	-	15,000
Depreciation	218,985	206,392	434,932	411,433
Opening stock - work in process	29,325	30,666	140,442	42,120
Closing stock - work in process	(203,300)	(40,917)	(203,300)	(40,917)
Cost of goods manufactured	36,404,217	45,993,369	51,799,442	79,859,007
Opening stock - finished goods	18,528,129	14,596,150	32,411,182	125,185
Closing stock - finished goods	(24,243,228)	(23,231,312)	(24,243,228)	(23,231,312)
	<b>30,689,118</b>	<b>37,358,207</b>	<b>59,967,396</b>	<b>56,752,880</b>
<b>16 OTHER INCOME</b>				
Dividend from FPCL	1,125,000	-	1,125,000	-
Dividend from PMP	-	2,511,075	-	2,511,075
Profit on bank balances and term deposits	719,556	285,102	1,204,334	815,833
Fair value gain and related income on mutual funds	219,365	136,656	504,858	333,585
Mark-up on sub-ordinated loans	-	-	-	179,248
Income from subsidiaries	119,630	211,589	213,704	353,462
Guarantee fee	-	3,739	2,712	32,548
Scrap sale and other receipts	353,525	85,065	384,716	122,562
Gain on disposal of property, plant and equipment	3,511	17,420	3,538	18,133
	<b>2,540,587</b>	<b>3,250,646</b>	<b>3,438,862</b>	<b>4,366,446</b>
<b>17 TAXATION - NET</b>				
Current tax				
- Current period	17.1	642,089	2,156,120	1,078,947
- Prior period		839,104	2,289,402	839,104
Deferred tax		50,141	32,661	(46,840)
		<b>1,531,334</b>	<b>4,478,183</b>	<b>1,871,211</b>
				<b>5,401,924</b>

17.1 The Company has not recognized deferred tax asset on tax losses and minimum turnover tax, for the period, in accordance with the requirements of relevant accounting standard.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	Note	Half year ended June 30,	
		2023	2022
		(Rupees '000)	
<b>18 CASH USED IN OPERATIONS</b>			
(Loss) / Profit before taxation		(3,078,962)	8,811,974
<b>Adjustment for non-cash charges and other items:</b>			
Provision for gratuity		41,321	30,207
Exchange loss		4,684,956	3,050,391
Provision for compensated absences		29,926	13,474
Allowance for other receivable and accrued mark-up		56,000	185,711
Provision for obsolete stores and spares		-	15,000
Provision for Workers' (Profit) Participation Fund		-	472,229
Provision for Workers' Welfare Fund		-	160,388
Unwinding cost of GIDC	6.2	299,541	491,570
Depreciation		493,853	483,952
Finance costs		5,325,051	1,612,198
Dividend from joint venture		-	(2,511,075)
Dividend from subsidiary		(1,125,000)	-
Profit on bank balances and term deposits		(1,204,334)	(815,833)
Fair value gain and related income on mutual funds		(504,858)	(333,585)
Gain on disposal of property, plant and equipment		(3,538)	(18,133)
Mark-up on sub-ordinated loans		-	(179,248)
Guarantee fee		(2,712)	(32,548)
<b>Operating profit before working capital changes</b>		<b>5,011,244</b>	<b>11,436,672</b>
<b>Changes in working capital</b>			
Stores and spares		(251,252)	(59,908)
Stock in trade		5,302,546	(34,488,686)
Trade debts		4,813,972	(1,660,434)
Advances		(345,793)	238,696
Trade deposits and short term prepayments		158,721	70,962
Other receivables		(6,024,658)	(6,221,932)
Sales tax refundable		39,810	(4,267,313)
Trade and other payables		(15,115,094)	23,647,618
Advances from customers		1,322,574	(3,592,285)
		(10,099,174)	(26,333,282)
Cash used in operations		(5,087,930)	(14,896,610)

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

**19 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 (2022: 49.88%), while Fauji Foundation (FF) holds 18.29% shares (2022: 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 and balance receivable from related parties are disclosed in note 10 to these condensed interim financial statements.

	<b>Half year ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Rupees '000)</b>	
<b>Transactions with Fauji Foundation:</b>		
Services received	<b>138,793</b>	42,074
Services provided	-	886
Payments against services	<b>42,029</b>	46,440
Donation paid	<b>89,600</b>	44,330
Balance payable	<b>45,000</b>	37,836 *
<b>Transactions with subsidiary companies:</b>		
<b>Fauji Meat Limited</b>		
Balance receivable	<b>35,396</b>	17,344 *
Material / services provided	<b>18,052</b>	15,593
Receipt against guarantee fee and markup	-	34,240
Mark-up on sub-ordinated loan	-	179,248
Conversion into equity investment	-	4,031,960
<b>FFBL Power Company Limited</b>		
Material / services provided	<b>460,041</b>	882,895
Material / services received	<b>8,592,249</b>	10,495,905
Balance payable	<b>6,917,824</b>	8,144,559 *
Balance receivable	<b>191,564</b>	137,402 *
Receipts against material / services	<b>405,879</b>	376,789
Payments against material / services	<b>9,818,984</b>	9,446,344
Late payment surcharge during the period	<b>396,377</b>	-
Dividend received	<b>1,125,000</b>	-

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	<b>Half year ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Rupees '000)</b>	
<b>Fauji Foods Limited</b>		
Material / services provided	7,113	7,479
Material / services received	-	8
Receipts against material / services	2,112	1,511
Balance receivable	5,001	-
Share deposit money converted into ordinary share capital	708,750	-
Guarantee fee	2,712	7,438
Receipt against guarantee fee	-	26,790
Guarantee fee and mark-up receivable	32,712	738,750
<b>Transactions with associates:</b>		
<b>Fauji Fertilizer Company Limited</b>		
Services and material received	662,545	591,332
Receipts under consignment account	68,644,275	60,161,223
Commission charged	9,156	11,438
<b>Askari Bank Limited</b>		
Balances at bank	5,562,920	3,397,809
Profit on bank balances	623,038	266,667
Long term loans	-	83,333
Mark-up on long term loans	-	5,644
Mark-up payable on long term loans	-	3,572
<b>Pakistan Maroc Phosphore S.A, Morocco</b>		
Purchase of raw materials	29,900,345	67,149,521
Expenses incurred on behalf of joint venture	8,761	5,229
Late payment surcharge during the period	93,470	-
Balance payable - secured	20,267,323	29,292,878
Balance receivable - unsecured	8,761	13,141

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	Half year ended June 30,	
	2023	2022
	(Rupees '000)	
<b>Other related parties:</b>		
Contribution to Provident Fund	37,649	33,782
Payment to Gratuity Fund	304,231	-
Payment to Workers' (Profit) Participation Fund	161,543	131,344
Meeting fee to directors	7,950	8,900
Balance payable - unsecured (WPPF)	-	158,866 *
Payable to Gratuity Fund	41,321	304,231 *
Remuneration of key management personnel		
Short term benefits	160,763	133,416
Post employment benefits	15,798	12,350

\*These balance of accounts, appearing as comparatives, are as at December 31, 2022 (audited).

In addition to the above:

- 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) up to Rs. 29,150 million (2022: Rs. 29,150 million) and all cost over runs, till technical completion date; and

(ii) up to Rs. 8,000 million after project completion date.

- the Company has issued standby letter of credit amounting to Rs. Nil (2022: Rs. 1,000 million) in favour of the FFL under the Master Facility Agreement.

- the Company has also provided a revolving guarantee amounting to Rs. Nil (2022: Rs. 6,067 million) in favour of the FFL under the Master Facility Agreement.

## 20 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 20.1 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.

### 20.2 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:

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

- 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)		
<b>June 2023 - un-audited</b>			
<b>ASSETS</b>			
Financial assets at fair value through profit or loss			
- Short term investments	6,062,300	-	-
<b>December 2022 - audited</b>			
<b>ASSETS</b>			
Financial assets at fair value through profit or loss			
- Short term investments	13,764,259	-	-

**21 GENERAL**

- 21.1 Figures have been rounded off to the nearest thousand rupees.
- 21.2 Corresponding figures have been re-arranged / re-classified, wherever necessary, for the purpose of comparison. Significant reclassification consists of following:

From	To	(Rupees '000)
* Property, plant and equipment	Stores and spares	232,043
Other expenses	Exchange loss - net	3,050,391

- \* The impact of above reclassification on the comparative amounts in the statement of profit or loss is not significant; accordingly, the related amounts have not been restated. The impact of reclassification on financial position as of January 01, 2022 is not significant.

**21.3 Subsequent Event**

After the reporting date, the Company received an offer from Fauji Foundation to sell its entire shareholding in Fauji Meat Limited for a consideration of Rs. 4,300 million. Subject to shareholder 's approval, Board of Directors of the Company in their meeting held on July 21, 2023, authorized the disposal of hundred percent (100%) of the shares owned by the Company in its subsidiary Fauji Meat Limited.

- 21.4 These condensed interim financial statements have been authorized for issue on July 21, 2023 by the Board of Directors of the Company.



**CHAIRMAN**



**CHIFF EXECUTIVE**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**





**Condensed Interim  
Consolidated Financial  
Statements**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2023**

		June 30, 2023	December 31, 2022
		(Un - audited)	(Audited)
	Note	(Rupees '000)	
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	4	12,912,529	12,912,529
<b>Capital reserve</b>			
Share premium		1,632,729	1,632,729
Statutory reserve		3,166,723	2,855,162
<b>Revenue reserves</b>			
Translation reserve		9,202,141	5,317,939
Revaluation reserve on available for sale investments, net of tax		(2,867,872)	(1,179,693)
Accumulated profit		12,588,116	14,810,495
		<b>36,634,366</b>	<b>36,349,161</b>
<b>Non-Controlling Interest</b>		<b>10,446,009</b>	<b>7,167,343</b>
		<b>47,080,375</b>	<b>43,516,504</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term loans	5	26,590,484	32,916,960
Lease liabilities		222,350	53,570
Deferred liabilities	6	6,596,849	9,039,464
		<b>33,409,683</b>	<b>42,009,994</b>
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Trade and other payables	7	57,258,644	65,254,466
Advances from customers		2,629,294	985,104
Unpaid dividend		10,954	10,954
Unclaimed dividend		115,794	116,580
Provision for income tax		-	1,150,929
Accrued interest		1,882,642	1,795,792
Short term borrowings		32,408,443	35,598,377
Current portion of long term loans	5	8,148,727	8,131,459
Current portion of lease liabilities		107,542	73,446
		<b>102,562,040</b>	<b>113,117,107</b>
		<b>183,052,098</b>	<b>198,643,605</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		

The annexed notes, from 1 to 22, form an integral part of these condensed interim consolidated financial statements.

		June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
	Note	(Rupees '000)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	45,407,285	46,114,274
Intangible assets		383,765	392,529
Long term investments	10	28,190,286	26,173,455
Investment property		270,242	270,242
Long term advances		106,547	37,683
Long term deposits		88,572	88,183
		74,446,697	73,076,366
<b>CURRENT ASSETS</b>			
Stores and spares		3,240,592	2,850,329
Stock in trade	11	41,358,225	42,462,162
Trade debts		10,306,728	16,761,585
Advances		1,461,981	1,315,715
Trade deposits and short-term prepayments		208,327	465,957
Interest accrued		40,467	13,065
Other receivables	12	9,855,153	3,380,439
Income tax refundable - net		834,507	1,512,665
Sales tax refundable - net		19,248,773	18,585,721
Short term investments	13	6,645,300	14,734,259
Cash and bank balances		15,405,348	23,485,342
		108,605,401	125,567,239
		183,052,098	198,643,605



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	Note	Quarter ended June 30,		Half year ended June 30,	
		2023	2022	2023	2022
		(Rupees '000)		(Rupees '000)	
Sales - net	14	41,490,257	51,502,092	81,231,893	80,415,356
Cost of sales	15	(33,572,153)	(40,570,212)	(68,176,397)	(62,559,149)
<b>Gross profit</b>		<b>7,918,104</b>	<b>10,931,880</b>	<b>13,055,496</b>	<b>17,856,207</b>
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)
		<b>5,320,055</b>	<b>8,573,430</b>	<b>8,741,751</b>	<b>12,856,141</b>
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	6	(136,909)	(233,628)	(299,541)	(491,570)
Loss allowance on subsidy receivable from GoP		(56,000)	-	(56,000)	-
		<b>(192,909)</b>	<b>(233,628)</b>	<b>(355,541)</b>	<b>(491,570)</b>
		<b>1,114,355</b>	<b>3,417,989</b>	<b>(3,934,432)</b>	<b>5,214,505</b>
Other income	16				
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
		<b>2,145,015</b>	<b>2,095,761</b>	<b>3,197,786</b>	<b>4,849,882</b>
<b>Profit / (loss) before taxation</b>		<b>3,259,370</b>	<b>5,513,750</b>	<b>(736,646)</b>	<b>10,064,387</b>
Taxation - net	17	(1,868,652)	(4,629,611)	(2,506,796)	(5,980,819)
<b>Profit / (loss) after taxation</b>		<b>1,390,718</b>	<b>884,139</b>	<b>(3,243,442)</b>	<b>4,083,568</b>
<b>Profit / (loss) attributable to:</b>					
- 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
		<b>1,390,718</b>	<b>884,139</b>	<b>(3,243,442)</b>	<b>4,083,568</b>
<b>Earnings / (loss) per share - basic and diluted (Rupees)</b>		<b>0.79</b>	<b>0.67</b>	<b>(2.97)</b>	<b>3.14</b>

The annexed notes, from 1 to 22, form an integral part of these condensed interim consolidated financial statements.

  
CHAIRMAN

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	Quarter ended June 30,		Half year ended June 30,	
	2023	2022	2023	2022
	(Rupees '000)		(Rupees '000)	
<b>Profit / (loss) after taxation</b>	<b>1,390,718</b>	884,139	<b>(3,243,442)</b>	4,083,568
<b>Other comprehensive (loss) / income</b>				
Exchange difference on translating a joint venture	3,292,465	21,336	3,781,465	230,682
Effect of translation - share of associate	187,811	27,550	102,737	41,871
	<b>3,480,276</b>	48,886	<b>3,884,202</b>	272,553
Revaluation reserve on available for sale investments	(1,536,430)	(286,870)	(1,986,093)	(957,490)
Related deferred tax	230,465	43,031	297,914	143,624
	<b>(1,305,965)</b>	(243,839)	<b>(1,688,179)</b>	(813,866)
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation	-	-	-	-
<b>Total comprehensive (loss) / income</b>	<b>3,565,029</b>	689,186	<b>(1,047,419)</b>	3,542,255
<b>Profit / (loss) attributable to:</b>				
- Owners of the Holding Company	3,198,128	666,690	(1,635,041)	3,513,194
- Non controlling interest	366,901	22,496	587,622	29,061
	<b>3,565,029</b>	689,186	<b>(1,047,419)</b>	3,542,255

The annexed notes, from 1 to 22, 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, 2023**

	Capital Reserve			Revenue Reserve		Accumulated Profit	Non-controlling interest	Total
	Share capital	Share Premium	Statutory reserve	Translation Reserve	Revaluation reserve on available for sale investments			
	( Rupees '000 )							
Balance as at January 01, 2022 - audited	12,912,529	1,632,729	2,352,571	4,055,119	(517,348)	8,115,887	4,380,785	32,932,272
<b>Total comprehensive income</b>								
Profit for the period after taxation	-	-	-	-	-	4,054,507	29,061	4,083,568
Other comprehensive loss for the period	-	-	-	272,553	(813,866)	-	-	(541,313)
Total comprehensive income for the period	-	-	-	272,553	(813,866)	4,054,507	29,061	3,542,255
Transfer to statutory reserve	-	-	208,928	-	-	(208,928)	-	-
Transaction Cost	-	-	-	-	-	-	(811)	(811)
NCI Acquisition	-	-	-	-	-	(414,292)	414,292	-
<b>Balance as at June 30, 2022</b>	<b>12,912,529</b>	<b>1,632,729</b>	<b>2,561,499</b>	<b>4,327,672</b>	<b>(1,331,214)</b>	<b>11,547,174</b>	<b>4,823,327</b>	<b>36,473,716</b>
Balance as at January 01, 2023 - audited	12,912,529	1,632,729	2,855,162	5,317,939	(1,179,693)	14,810,495	7,167,343	43,516,504
<b>Total comprehensive loss</b>								
Loss for the period after taxation	-	-	-	-	-	(3,831,064)	587,622	(3,243,442)
Other comprehensive income for the period	-	-	-	3,884,202	(1,688,179)	-	-	2,196,023
Total comprehensive loss for the period	-	-	-	3,884,202	(1,688,179)	(3,831,064)	587,622	(1,047,419)
Transfer to statutory reserve	-	-	311,561	-	-	(311,561)	-	-
<b>Transactions with owners recorded directly in equity</b>								
Advance against equity	-	-	-	-	-	-	350,000	350,000
<b>Change in ownership interest</b>								
Cash injection by NCI of FFL	-	-	-	-	-	-	4,650,000	4,650,000
Transaction cost - FFL	-	-	-	-	-	-	(13,710)	(13,710)
NCI loss on acquisition (note 4.2)	-	-	-	-	-	1,920,246	(1,920,246)	-
<b>Distribution to owners</b>								
FPCL interim dividend 2023 (Rs. 1.747 per ordinary share)	-	-	-	-	-	-	(375,000)	(375,000)
<b>Balance as at June 30, 2023</b>	<b>12,912,529</b>	<b>1,632,729</b>	<b>3,166,723</b>	<b>9,202,141</b>	<b>(2,867,872)</b>	<b>12,588,116</b>	<b>10,446,009</b>	<b>47,080,375</b>

The annexed notes, from 1 to 22, 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, 2023**

	Note	Half year ended June 30,	
		2023	2022
		(Rupees '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	18	(2,253,228)	(13,789,506)
Taxes paid		(2,667,254)	(3,117,980)
Finance cost paid		(6,889,887)	(2,911,742)
Payment to Gratuity Fund		(333,780)	(17,243)
Compensated absences paid		(21,758)	(7,815)
Payment to Workers Welfare Fund		(2,678)	(1,251)
Payment to Workers' (Profit) Participation Fund		(383,342)	(138,801)
Net cash used in operating activities		(12,551,927)	(19,984,338)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditures and advances		(806,604)	(733,310)
Sale proceeds from disposal of property, plant and equipment		91,642	28,151
Investment at fair value through profit or loss - net		7,736,458	8,305,762
Investment at amortized cost - net		-	(483,938)
Profit received on bank balances and term deposits		1,813,303	1,258,600
Net cash generated from investing activities		8,834,799	8,375,265
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings - net		(1,499,981)	(200,000)
Long term loans		(6,325,918)	(3,326,234)
Issue of shares - net of transaction cost		4,615,934	-
Advance against issue of shares		350,000	-
Finance lease liability		175,838	(45,620)
Dividend paid to Fauji Foundation		(375,000)	-
Dividend paid for prior periods		(786)	(108)
Net cash used in financing activities		(3,059,913)	(3,571,962)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(6,777,041)	(15,181,035)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		(4,643,054)	28,458,375
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		(11,420,095)	13,277,340
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents included in the condensed interim consolidated statement of cash flows comprise the following condensed interim consolidated statement of financial position amounts:			
- Cash and bank balances		15,405,348	24,354,560
- Short term highly liquid investments	13	583,000	1,775,000
- Short-term running finance		(27,408,443)	(12,852,220)
		(11,420,095)	13,277,340

The annexed notes, from 1 to 22, 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, 2023

### 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.

- 1.1 Fauji Fertilizer Bin Qasim Limited group comprises of Fauji Fertilizer Bin Qasim Limited (FFBL / the Holding Company) and its subsidiaries, Fauji Meat Limited (FML), FFBL Power Company Limited (FPCL) and Fauji Foods Limited (FFL) 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 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 as a public company and its shares are quoted on PSX. It is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products.

- 1.2 During the period ended 30 June 2023, FFL has incurred a loss after tax of Rs. 147 million (30 June 2022: Rs. 1,253 million), resulting in accumulated losses of Rs. 18,546 million (31 December 2022: Rs. 18,469 million) as of that date. As a result of implementing its business plan, FFL has been able to achieve sales growth, and gross profits have increased significantly as compared to the comparative period. Further, the sponsors have injected additional share capital in FFL which has been used to settle all financing facilities availed from the financial institutions. Resultantly, the liquidity position of FFL has improved. FFL expects to be profitable in the near future.

Based upon the above, the management has concluded that there is no uncertainty regarding going concern of FFL and accordingly, FFL's condensed interim financial statements have been prepared on a going concern basis.

### 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.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2023

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, 2022. The comparative Consolidated Statement of Financial Position is extracted from the annual consolidated financial statements, as of December 31, 2022, whereas the Consolidated Statement of Profit or Loss and the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity are extracted from the unaudited condensed interim consolidated financial statements, for the half year ended June 30, 2022.

These condensed interim consolidated financial statements are unaudited 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, 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 consolidated financial statements for the preceding year, ended December 31, 2022.

The significant estimates and judgements adopted for the preparation of these condensed interim consolidated financial statements are similar to those applied in the preparation of the consolidated financial statements for the preceding year, ended December 31, 2022 except for the expected credit loss in respect of subsidy receivable – Updation of discount rate and pattern of recovery resulting from changes in economic conditions and planned government outlays.

### 4 SHARE CAPITAL

#### 4.1 Group consists of following subsidiary companies:

	Note	Ownership in 2023	Ownership in 2022
Fauji Meat Limited		95.07%	95.07%
FFBL Power Company Limited		75.00%	75.00%
Fauji Foods Limited	4.2	59.75%	71.63%

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 intercompany balances and transactions have been eliminated.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

- 4.2 During the period, pursuant to the approval and authorization of Board of Directors of FFL, in their meeting held on September 20, 2022, issued shares by way of other than right offer under Section 83 (1) (b) of the Companies Act, 2017 read with regulation 5 of the Companies Regulations, 2020 (Further Issue of Shares) amounting to 935,874,980 at the rate of Rs. 10 at par after obtaining all regulatory approvals in the following manner:
- 400,000,000 shares at par PKR 10/- share amounting to PKR 4,000,000,000 to FFBL Power Company Limited (FPCL) against cash.
  - 465,000,000 shares at par PKR 10/- share amounting to PKR 4,650,000,000 to FFC Energy Limited (FFCEL) against cash.
  - 70,874,980 shares at par PKR 10/- share, to Holding Company against conversion of accrued markup on subordinated loan amounting to PKR 708,749,800 to equity.

This resulted in a gain attributable to the Holding Company of Rs. 1,920,246 thousand.

- 4.2.1 FFL, in its Extraordinary General Meeting held on October 18, 2022, had approved further ordinary share issue at par, with face value of Rs. 11,708 million, by way of other than right issue. This included an amount of Rs. 2,350 million, received from Fauji Foundation (FF), the ultimate Parent of FFL, as share deposit money, in the current and prior periods. During the period, prior to share allotment, a request was received from FF to defer its share allotment, under agreement dated August 29, 2022. Based on the above request, FFL has deferred the allotment / issuance of ordinary shares at par value to FF, till further communication. The ordinary shares with a face value of Rs. 9,358 million have been issued to remaining parties.

	Note	June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
		(Rupees '000)	
<b>5 LONG TERM LOANS</b>			
Loans from banking companies-secured	5.1 & 5.2	34,739,211	41,048,419
Less: Current portion shown under current liabilities		8,148,727	8,131,459
		<b>26,590,484</b>	<b>32,916,960</b>

- 5.1 During the period, FPCL entered into syndicate long term finance facilities under commercial facility of Rs.3,250 million and musharaka facility of Rs. 750 million, at a mark-up rate of 3 months KIBOR plus 0.5% per annum. The loans are repayable in 20 quarterly installments and the mark-up will be payable on quarterly basis. The loans are secured by way of charge on all current fixed assets (other than those encumbered in favour of working capital lenders) and mortgage of land and buildings.

FPCL signed amendment to the existing commercial finance facility and Musharaka facility agreements effective January 01, 2023, reducing the markup rate to 3 months KIBOR plus 0.75% per annum. The loan was originally priced at a mark-up rate of 3 months KIBOR plus 1.75% per annum. All other terms & conditions of the loans remained same.

- 5.2 During the period, FFL paid all markup based syndicate finance facility amounting to Rs. 5,988 million.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

		June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
	Note	(Rupees '000)	
<b>6 DEFERRED LIABILITIES</b>			
Compensated leave absences		716,686	681,512
Deferred taxation	6.1	5,245,863	5,231,463
Payable against GIDC	6.2	634,300	3,126,489
		<b>6,596,849</b>	<b>9,039,464</b>

**6.1 DEFERRED TAXATION - NET**

**The balance of deferred tax is in respect of the following major taxable / (deductible) temporary differences:**

Accelerated depreciation	3,586,086	3,302,688
Share of profit of joint venture and associates - net	2,422,674	2,291,998
Share of profit of subsidiary	1,788,089	1,651,287
Remeasurement gain on GIDC	115,548	196,620
Provision for inventory obsolescence	(112,853)	(95,491)
Provision for doubtful other receivables	(548,711)	(445,814)
Deferred tax on revaluation of available for sale investments	(517,077)	(219,160)
Provision against allowance	(431,837)	(365,401)
Unabsorbed losses, tax credits and others	(1,056,056)	(1,085,264)
	<b>5,245,863</b>	<b>5,231,463</b>

Upon promulgation of Finance Act, 2023, the applicable tax rate has increased from 33% to 39%.

		June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
	Note	(Rupees '000)	
<b>6.2 Payable against GIDC</b>			
Opening balance		21,738,026	20,846,828
Unwinding of GIDC		299,541	891,198
		<b>22,037,567</b>	<b>21,738,026</b>
Current portion of GIDC	7	(21,403,267)	(18,611,537)
Closing balance		<b>634,300</b>	<b>3,126,489</b>

On September 22, 2020, the Holding Company obtained stay from the Honorable Sindh High Court against payment of GIDC.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

		June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
	Note	(Rupees '000)	
<b>7 TRADE AND OTHER PAYABLES</b>			
Creditors	7.1	25,568,307	34,709,136
Payable against GIDC	6.2	21,403,267	18,611,537
Accrued liabilities		6,514,614	9,651,167
Workers' (Profit) Participation Fund		133,322	381,095
Workers' Welfare Fund		1,121,704	1,116,240
Payable to Gratuity Fund		63,855	334,858
Payable to Provident Fund		9,636	21,021
Security deposits		121,224	98,136
Withholding tax payable		229,752	220,058
Sales tax payable		9,651	12,067
Other payables		2,083,312	99,151
		<b>57,258,644</b>	<b>65,254,466</b>

7.1 Creditors include payables to a related party amounting to Rs. 20,267 million (December 31, 2022: Rs. 29,293 million) against purchase of raw material. The Holding Company purchases raw material for use in production of fertilizer from PMP at discounted price, with a credit limit of 75 days.

		June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
	Note	(Rupees '000)	
<b>8 CONTINGENCIES AND COMMITMENTS</b>			
<b>Contingencies</b>			
i) Guarantees issued by banks on behalf of FFBL	8.1	159,904	154,123
ii) Group's share of contingent liabilities of Askari Bank Limited as at March 31, 2023 (September 30, 2022)		77,305,572	66,475,281
iii) Contingent liabilities of FML		-	365,188
iv) Contingent liabilities of FFL		607,097	645,316
<b>Commitments</b>			
i) Capital expenditures - FFBL		235,366	286,867
ii) Letters of credit - FFBL		25,164,112	15,332,081
iii) Group's share of commitments of PMP as at March 31, 2023 (September 30, 2022)		74,203	92,521
iv) Group's share of commitments of Askari Bank Limited as at March 31, 2023 (September 30, 2022)		123,927,921	115,729,672

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
	(Rupees '000)	
v) Commitments of FPCL		
-Capital expenditure	335,530	61,714
-Outstanding against Letter of Credits out of total facility of Rs. 12,050 million (2022: Rs. 11,250 million), secured by lien on valid import documents	1,672,000	3,038,750
vi) Commitments of FFL	63,763	66,500

8.1 During the period, Commissioner Inland Revenue (Appeals) [CIR(A)] has decided appeals filed by the Holding Company relating to tax years 2015 to 2020. The CIR(A) has decided certain matters in favor of tax authorities while remanding back most of the matters to tax authorities for decision in accordance with law after ascertaining the relevant facts. The Holding Company has filed appeals against the decision of CIR (A), with Appellate Tribunal Inland Revenue (ATIR); which is under adjudication. The Holding Company remains confident that the matters will eventually be decided in its favor, accordingly, no provision has been recognized in these condensed interim financial statements.

During the period, FBR has raised demand amounting to Rs. 3,273 million, in respect of tax year 2022, mainly disallowing claim of expenditure under provisions of the Income Tax Ordinance, 2001. Being aggrieved, the Holding Company has filed an appeal with CIR(A); which is under adjudication. The Holding Company is confident that the matter will be decided in its favor, accordingly, no provision has been recognized in these condensed interim financial statements.

	June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
	(Rupees '000)	

**9 PROPERTY, PLANT AND EQUIPMENT**

Opening written down value	46,114,274	47,848,922
Additions during the period / year	737,351	1,186,210
Termination of lease	-	(22,219)
Disposals during the period / year	(180,461)	(99,852)
Depreciation during the period / year	(1,371,285)	(2,877,287)
Depreciation charged on disposals during the period / year	107,406	78,500
Closing written down value	45,407,285	46,114,274

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
	(Rupees '000)	
<b>10 LONG TERM INVESTMENTS</b>		
<b>Investment in joint venture - equity method</b>		
Pakistan Maroc Phosphore S.A, Morocco		
Opening balance	12,247,699	8,949,117
Share of (loss) / profit	(1,611,804)	4,785,015
Dividend	-	(2,511,075)
Effect of translation	3,781,465	1,024,642
Closing balance	14,417,360	12,247,699
<b>Investment in associate - equity method</b>		
Askari Bank Limited		
Opening balance	13,925,756	11,518,925
Share of profit	1,730,527	2,947,882
Revaluation reserve of available for sale investments	(1,986,094)	(779,229)
Effect of translation	102,737	238,178
Closing balance	13,772,926	13,925,756
<b>Investment - available for sale - unquoted</b>		
Arabian Sea Country Club Limited (ASCCL)		
300,000 ordinary shares of Rs. 10 each	3,000	3,000
Less: Impairment in value of investment	3,000	3,000
	-	-
	<b>28,190,286</b>	<b>26,173,455</b>

**10.1** During the period, AKBL in its annual general meeting, shareholders approved bonus shares at the rate of 15% (of the face value of ordinary share capital), increasing its paid-up capital to 1,449,299,207 ordinary shares. These bonus shares shall rank pari passu in all respects with the existing ordinary shares of the bank. Accordingly, number of shares held by the Holding Company have increased from 271,884,009 shares to 312,666,610 ordinary shares. Issue of bonus shares resulted in no change in percentage holding (21.57%).

Further, SBP through BPRD Circular Letter No. 7 of 2023 dated April 13, 2023 has further deferred the application of IFRS 9 "Financial Instruments" till January 01, 2024 for banking companies. AKBL will adopt with modified retrospective approach for restatement. In accordance with IFRS 9, AKBL will not restate comparative information with respect to impairment changes. Any differences in the carrying amounts of financial assets and financial liabilities consequent to the adoption of IFRS 9 will be recognised in retained earnings and reserves as at 1 January 2024.

**11 STOCK-IN-TRADE**

This includes finished goods stock amounting to Rs. 25,316 million (December 31, 2022: Rs. 31,877 million) and raw material in transit amounting to Rs. 3,058 million (December 31, 2022: Rs. 2.27 million).

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

**12 OTHER RECEIVABLES**

This includes an amount of Rs. 5,156 million (December 31, 2022: Rs. 1,357 million) receivable from Fauji Fertilizer Company Limited (FFCL), a related party, on account of amounts received from customers, against sales of the Holding Company's products under an inter-company services agreement.

	June 30, 2023 (Un - audited)	December 31, 2022 (Audited)
Note	(Rupees '000)	

**13 SHORT TERM INVESTMENTS**

**Amortized cost**

Term deposits with banks and financial institutions

13.1	583,000	970,000
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**Investments at fair value through profit or loss**

Mutual funds

	6,062,300	13,764,259
	<u>6,645,300</u>	<u>14,734,259</u>

13.1 These deposits carry interest at rates ranging from 14.5% to 21.5% (2022: 15.8%) per annum maturing on various dates.

Note	Quarter ended June 30,		Half year ended June 30,	
	2023	2022	2023	2022
	(Rupees '000)		(Rupees '000)	

**14 SALES - NET**

Gross sales	43,151,098	53,410,515	84,447,791	83,957,083
Less:				
Sales tax	1,250,269	1,661,389	2,406,610	3,059,392
Trade discount	283,429	114,019	559,380	236,809
Advance tax u/s 235	122,296	126,199	240,752	234,088
Commission to FFC	4,847	6,816	9,156	11,438
14.1	<u>1,660,841</u>	<u>1,908,423</u>	<u>3,215,898</u>	<u>3,541,727</u>
	<u>41,490,257</u>	<u>51,502,092</u>	<u>81,231,893</u>	<u>80,415,356</u>

14.1 It represents commission paid by the Holding Company at the rate of Re. 1 per bag to Fauji Fertilizer Company Limited, based on an inter-company services agreement.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	Note	Quarter ended June 30,		Half year ended June 30,	
		2023	2022	2023	2022
		(Rupees '000)		(Rupees '000)	
<b>15 COST OF SALES</b>					
Raw materials consumed		35,036,158	45,461,397	50,889,426	78,511,634
Packing materials consumed		1,063,830	772,055	1,855,338	1,510,432
Fuel and power		755,872	533,723	1,971,135	966,233
Ash dumping		5,618	5,376	8,353	7,133
Stores and supplies consumed		188,148	113,188	397,397	234,041
Salaries, wages and benefits		827,221	775,243	1,712,136	1,615,200
Repairs and maintenance		455,719	564,280	1,493,776	886,497
Travel and conveyance		97,541	57,131	179,439	114,023
Rent, rates and taxes		14,160	12,351	28,116	24,678
Insurance		128,005	79,656	253,233	156,985
Utilities		129,465	32,567	226,773	75,630
Provision for obsolete stores & spares		-	7,500	-	15,000
Communication, establishment and other expenses		51,856	108,540	198,193	184,778
Depreciation and amortization		634,381	647,495	1,283,174	1,291,176
Opening stock - work in process		190,598	119,885	297,490	160,307
Closing stock - work in process		(342,041)	(122,770)	(342,041)	(122,770)
Cost of goods manufactured		39,236,531	49,167,617	60,451,940	85,630,977
Opening stock - finished goods		19,572,112	14,898,635	32,960,947	424,212
Closing stock - finished goods		(25,236,490)	(23,496,040)	(25,236,490)	(23,496,040)
		33,572,153	40,570,212	68,176,397	62,559,149
<b>16 OTHER INCOME</b>					
<i>Share of (loss) / profit from joint venture and associate</i>					
Pakistan Maroc Phosphore S.A		(282,818)	724,629	(859,356)	1,974,257
Askari Bank Limited		1,015,355	778,339	1,730,527	1,405,918
		732,537	1,502,968	871,171	3,380,175
Profit on bank balances and term deposits		796,121	330,016	1,370,342	917,595
Cash dividend / income on mutual funds		219,365	136,656	504,858	333,585
Scrap sale and other receipts		366,190	95,468	402,776	143,421
Gain on disposal of property, plant and equipment		18,587	16,342	18,587	16,342
Miscellaneous income		12,215	14,311	30,052	58,764
		1,412,478	592,793	2,326,615	1,469,707
		2,145,015	2,095,761	3,197,786	4,849,882
<b>17 TAXATION - NET</b>					
Current tax	17.1	1,660,158	4,523,578	2,194,482	5,609,173
Deferred tax		208,494	106,033	312,314	371,646
		1,868,652	4,629,611	2,506,796	5,980,819

17.1 The Company has not recognized deferred tax asset on tax losses and minimum turnover tax, for the period, in accordance with the requirements of relevant accounting standard.



**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

	Half year ended June 30,	
	2023	2022
	(Rupees '000)	
<b>18 CASH USED IN OPERATIONS</b>		
(Loss) / Profit before taxation	(736,646)	10,064,387
<b>Adjustment for non-cash charges and other items:</b>		
Provision for gratuity	62,777	40,964
Exchange loss	4,951,916	3,291,680
Provision for compensated absences	56,932	16,793
Provision for Workers' (Profit) Participation Fund	132,892	560,152
Provision for Workers' Welfare Fund	5,465	164,131
Unwinding of GIDC	299,541	491,570
Amortization of transaction cost of long-term finance	17,410	16,474
Transaction Cost	20,353	2,041
Depreciation	1,371,285	1,389,697
Amortization	8,764	8,844
Provision for obsolete stores & spares	-	15,000
Provision for ECL on subsidy	56,000	-
Lease charges	27,038	12,896
Finance cost	6,979,414	3,100,770
Profit on bank balances and term deposits	(1,404,841)	(917,595)
Fair value gain and related income on mutual funds	(470,359)	(333,585)
Profit from joint venture and associates - net	(118,723)	(3,380,175)
Gain on disposal of property, plant and equipment	(18,587)	(16,342)
<b>Operating profit before working capital changes</b>	<b>11,240,631</b>	<b>14,527,702</b>
<b>Changes in working capital:</b>		
Stores and spares	(391,909)	(141,088)
Stock-in-trade	1,103,937	(33,182,742)
Trade debts	6,457,995	(3,267,204)
Advances	(146,266)	227,075
Trade deposits and short term prepayments	257,630	149,629
Other receivables	(6,530,714)	(5,708,309)
Sales tax receivable	(663,052)	(4,154,302)
Trade and other payables	(15,225,667)	21,306,629
Advances from customers	1,644,187	(3,546,896)
	<b>(13,493,859)</b>	<b>(28,317,208)</b>
Cash used in operations	<b>(2,253,228)</b>	<b>(13,789,506)</b>

**19 RELATED PARTY TRANSACTIONS**

Fauji Fertilizer Company Limited (FFCL) has 49.88% share holding in FFBL (2022: 49.88%), while Fauji Foundation (FF) holds 18.29% shares (2022: 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 10 to the condensed interim consolidated financial statements.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

<b>Half year ended June 30,</b>	
<b>2023</b>	<b>2022</b>
<b>(Rupees '000)</b>	

**Transactions with Fauji Foundation (FF)**

Services received	151,469	44,319
Services provided	97	886
Payment against services	42,029	46,440
Receipts against services	127	-
Donations paid	144,640	44,330
Advance against equity	2,350,000	2,000,000 *
Accrued finance cost	2,500	7,600 *
Dividend paid to Fauji Foundation	375,000	-
Balance payable	53,800	46,221 *

**Transactions with associated undertakings due to common directorship**

**Fauji Fertilizer Company Limited**

Services and material acquired	662,545	591,332
Receipts under consignment account	68,644,275	60,161,223
Commission charged	9,156	11,438

**Askari Bank Limited**

Balances at Bank and TDR	6,246,262	4,475,919 *
Profit on bank balances	671,436	313,657
Long term loans	-	479,877 *
Mark-up on long term loans	91,460	5,644
Mark-up payable on long term loans	-	11,172 *
Income earned from TDRs	65,120	30,097
Finance cost charged	23,529	42,305
Running Finance	-	271,804 *

**Transactions with joint venture**

Purchase of raw materials	29,900,345	67,149,521
Expenses incurred on behalf of joint venture	8,761	5,229
Late payment surcharge during the period	93,470	-
Balance payable	20,267,323	29,292,878 *
Balance receivable - unsecured	8,761	13,141 *

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2023

	Half year ended June 30,	
	2023	2022
	(Rupees '000)	
<b>Other related parties</b>		
Contribution to Provident Fund	84,800	75,636
Payment to Gratuity Fund	333,780	17,243
Payment to Workers' (Profit) Participation Fund	383,342	140,052
Meeting fee to directors	14,655	17,125
Balance payable to WPPF - unsecured	133,322	381,095 *
Payable to Gratuity Fund	63,855	334,858 *
Payable to Provident Fund	9,636	21,021 *
Share issuance to FFC Energy	4,650,000	-
Receivable from Fauji Cereals	5,828	5,828 *
Foundation Solar Energy (Private) Limited for purchase of solar panel	125,096	-
Noon Sugar Mills for purchase of sugar	-	16,030
Remuneration of key management personnel		
Short-term benefits	334,855	251,964
Post employment benefits	36,226	23,518

- \* Balance of accounts appearing as comparatives are as at December 31, 2022 (audited).

### 20 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	Power	Meat	Food	Elimination-net	Consolidated
	(Rupees' 000)					
<b>June 30, 2023</b>						
<b>Revenue</b>	<b>66,757,504</b>	<b>13,840,351</b>	<b>303,419</b>	<b>9,837,736</b>	<b>(9,507,117)</b>	<b>81,231,893</b>
External Customer	66,757,504	4,333,234	303,419	9,837,736	-	81,231,893
Inter-Segment	-	9,507,117	-	-	(9,507,117)	-
Total Revenue	66,757,504	13,840,351	303,419	9,837,736	(9,507,117)	81,231,893
<b>(Loss) / Profit after tax</b>	<b>(4,950,173)</b>	<b>2,412,014</b>	<b>(109,770)</b>	<b>(77,772)</b>	<b>(517,741)</b>	<b>(3,243,442)</b>
<b>June 30, 2022</b>						
Revenue	70,932,931	13,159,585	28,819	4,796,601	(8,502,580)	80,415,356
External Customer	70,932,931	4,552,228	28,819	4,796,601	104,777	80,415,356
Inter-Segment	-	8,607,357	-	-	(8,607,357)	-
Total Revenue	70,932,931	13,159,585	28,819	4,796,601	(8,502,580)	80,415,356
Profit / (loss) after tax	3,410,050	1,613,671	(411,750)	(1,199,689)	671,286	4,083,568
<b>June 30, 2023</b>						
<b>Assets</b>	<b>130,030,132</b>	<b>44,887,524</b>	<b>6,348,107</b>	<b>14,647,765</b>	<b>(12,861,430)</b>	<b>183,052,098</b>
<b>Liabilities</b>	<b>112,257,940</b>	<b>24,379,429</b>	<b>230,468</b>	<b>3,163,095</b>	<b>(4,059,209)</b>	<b>135,971,723</b>
<b>December 31, 2022</b>						
Assets	149,862,745	41,839,240	6,415,068	12,703,658	(12,177,106)	198,643,605
Liabilities	127,140,380	22,243,159	187,693	10,107,134	(4,551,265)	155,127,101

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

**21 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

**21.1 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.

**21.2 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 not based on observable market data (level 3).

	Level 1	Level 2	Level 3
	(Rupees '000)		
<b>June 2023 - un-audited</b>			
<b>ASSETS</b>			
Financial assets at fair value through profit and loss			
- Short term investments	6,062,300	-	-
<b>December 2022 - audited</b>			
<b>ASSETS</b>			
Financial assets at fair value through profit and loss			
- Short term investments	13,764,259	-	-

**22 GENERAL**

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

**22.2** Corresponding figures have been re-arranged / re-classified, wherever necessary, for the purpose of comparison. Significant reclassification consists of following:

	From	To	(Rupees '000)
*	Property, plant and equipment	Stores and spares	232,043
	Other expenses	Exchange loss - net	3,291,680

\* The impact of above reclassification on the comparative amounts in the statement of profit or loss is not significant; accordingly, the related amounts have not been restated. The impact of reclassification on financial position as of January 01, 2022 is not significant.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED JUNE 30, 2023**

**22.3 Subsequent Event**

After the reporting date, the Holding Company received an offer from Fauji Foundation to sell its entire shareholding in its subsidiary Fauji Meat Limited for a consideration of Rs. 4,300 million. Subject to shareholder's approval, Board of Directors of the Holding Company in their meeting held on July 21, 2023, authorized the disposal of hundred percent (100%) of the shares owned by the Holding Company in its subsidiary Fauji Meat Limited.

**22.4** These condensed interim consolidated financial statements have been authorized for issue on July 21, 2023 by the Board of Directors of the Holding Company.



**CHAIRMAN**



**CHIEF EXECUTIVE**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**







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