

HALF YEARLY
**FINANCIAL
STATEMENTS**

June 30, 2016

(Un-audited)



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SAY NO TO CORRUPTION

COMPANY INFORMATION**BOARD OF DIRECTORS**

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

Chairman

Lt Gen Shafqaat Ahmed, HI(M) (Retd)

Chief Executive & Managing Director

Mr Qaiser Javed

Dr Nadeem Inayat

Engr Rukhsana Zuberi

Mr Farhad Shaikh Mohammad

Maj Gen Muhammad Farooq Iqbal, HI(M) (Retd)

Mr Shahid Ghaffar

Ms Nargis Ghaloo

Maj Gen Mumtaz Ahmad Bajwa, HI(M) (Retd)

Mr Per Kristian Bakkerud

Mr Khizar Hayat Gondal

Brig Raashid Wali Janjua, SI(M) (Retd)

CHIEF FINANCIAL OFFICER

Mohammad Munir Malik

Tel No. +92-51-8456101, Fax No. +92-51-8459961

E-mail: munir_malik@ffc.com.pk

COMPANY SECRETARY

Brig Sher Shah, SI(M) (Retd)

Tel No. +92-51-8453101, Fax No. +92-51-8459931

E-mail: secretary@ffc.com.pk

REGISTERED OFFICE

156 The Mall, Rawalpindi Cantt, Pakistan

Website: www.ffc.com.pk

Tel No. +92-51-111-332-111, 8450001

Fax No. +92-51-8459925, E-mail: ffcrrwp@ffc.com.pk

PLANTSITES**Goth Machhi, Sadiqabad**

(Distt: Rahim Yar Khan), Pakistan

Tel No. +92-68-5786420-9, Fax No. +92-68-5786401

Mirpur Mathelo

(Distt: Ghotki), Pakistan

Tel No. +92-723-661500-09, Fax No. +92-723-661462

MARKETING DIVISION

Lahore Trade Centre, 11 Shahrah-e-Aiwan-e-Tijarat, Lahore, Pakistan

Tel No. +92-42-36369137-40, Fax No. +92-42-36366324

KARACHI OFFICE

B-35, KDA Scheme No.1, Karachi, Pakistan

Tel No. +92-21-34390115-16, Fax No. +92-21-34390117 & 34390122

AUDITORS

KPMG Taseer Hadi & Co

Chartered Accountants

6th Floor, State Life Building, Jinnah Avenue, Islamabad, Pakistan

Tel No. +92-51-2823558, Fax No. +92-51-2822671

SHARES REGISTRAR

Central Depository Company of Pakistan Limited

Share Registrar Department

CDC House, 99 - B, Block - B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi – 74400

Tel No. +92-0800-23275, Fax: +92-21-34326053



DIRECTORS' REVIEW

For the six months ended June 30, 2016

Dear Members,

On behalf of the Board of Directors, I am pleased to report net earnings of Rs. 4.893 billion for the half year ended June 30, 2016.

The Company attained a new benchmark in terms of Sona urea production with an output of 1,252 thousand tonnes during the period, 5% higher compared to last year due to enhanced operational efficiencies, with capacity utilization of 122%.

Unprecedented adverse market conditions caused by weak farm economics and delayed implementation of subsidy on urea by the Government, led to a 36% decline in urea sales by the industry which is the lowest offtake level for the industry for more than a decade, with highest ever industry urea inventory of 1.65 million tonnes at the end of the period. Contrary to the industry sales, concerted marketing efforts by the Company resulted in Sona urea sales of 941 thousand tonnes during the period, lower only by 23%, outperforming the decline witnessed by the industry, with an improvement in combined FFC/FFBL urea market share to 60% compared to 46% during 2015.

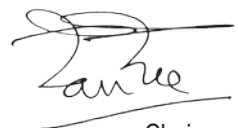
Unfavourable market conditions resulted in sales revenues of Rs. 28.322 billion, 28% below last year, whereas the levy of Super Tax amounting to Rs. 738 million, higher financing costs related to funding of GIDC obligation during 2015, and lower investment income, further pressurized Company margins. However, highest ever dividend income of Rs. 2.265 billion during the six months, restricted the decline in earnings per share to Rs. 3.85, compared to Rs. 6.50 during last year.

In view of encouraging results and to maintain the shareholders stream of income, the Board is pleased to announce second interim dividend of Rs. 1.55 per share, with aggregate distribution of Rs. 3.40 per share during the first half of 2016.

I am also pleased to inform that the Company has been granted credit rating of AA for Long term debt and A1+ for Short term debt. These ratings denote high credit worthiness and very low expectation of credit risk emanating from a strong capacity for timely retirement of financial commitments.

Going forward, absorption of production costs by the Company under the Government's subsidy mechanism, besides the inadmissibility of Provincial Sales Tax, are projected to further pressurize Company margins. The Company however remains focused towards offering sustained returns to the shareholders through cost economization, efficiency enhancement and diversified business ventures of the Company.

On behalf of the Board,



Chairman

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

Rawalpindi
July 27, 2016

ڈائریکٹرز کا تجزیہ

بورڈ آف ڈائریکٹرز کی جانب سے مجھے یہ اعلان کرتے ہوئے خوشی محسوس ہو رہی ہے کہ آپ کی کمپنی نے 30 جون 2016 کے نصف سال کے اختتام پر 4.893 ارب روپے کا منافع کمایا ہے۔

آپ کی کمپنی نے چھ ماہ کے دورانیہ میں 1,252 ہزار ٹن کی ریکارڈ یوریا پیداوار حاصل کی جو کہ پچھلے سال سے 5 فیصد زیادہ اور کمپنی کی پیداواری صلاحیت کا 122 فیصد رہی۔

انڈسٹری کی کمزور زرعی معیشت اور Subsidy کے طریقہ کار پر عمل درآمد میں تاخیر کے باعث مارکیٹ پر منفی اثرات پڑے۔ جس سے یوریا کی فروخت میں 36 فیصد کمی آئی جو کہ گذشتہ دس سال میں سب سے کم ہے۔ مذکورہ مدت کے اختتام پر مارکیٹ میں یوریا Inventory تاریخ کی بلند ترین سطح 1.65 ملین ٹن رہی۔ انڈسٹری کی یوریا مارکیٹ کے معمول کے برخلاف کمپنی کی بھرپور کوششوں کی وجہ سے سونا یوریا کی فروخت صرف 23 فیصد کمی کے ساتھ 941 ہزار ٹن رہی۔ جس کی وجہ سے Market Share کا یوریا FFC/FFBL پچھلے سال 46 فیصد سے بڑھ کر 60 فیصد پہنچ گیا۔

مارکیٹ کے ناسازگار حالات کی وجہ سے کمپنی کی مجموعی کھاد کی فروخت پچھلے سال کی نسبت 28 فیصد کمی کے ساتھ 28.322 ارب روپے رہی۔ جبکہ 738 ملین روپے کے Super Tax کا نفاذ، اور 2015 میں GIDC کی ادائیگی کے لئے حاصل کئے گئے قرضوں کے اخراجات اور مالیاتی آمدن میں کمی کمپنی کے منافع پر مزید دباؤ کا باعث بنے۔ تاہم موجودہ چھ ماہ کے دوران 2.265 بلین روپے Dividend آمدن ہوئی جس سے کم ہوتے منافع کو سہارا ملا اور کمپنی کی فی حصص آمدن 3.85 روپے رہی جو کہ پچھلے سال کے اسی عرصہ کے دوران 6.50 روپے تھی۔

تاہم حصہ داروں کی آمدن کو برقرار رکھنے کے پیش نظر بورڈ سال 2016 کے دوسرے عوبری Dividend 15.50 فیصد (فی حصص 1.55 روپے) کا اعلان کرتا ہے۔

مجھے یہ بتاتے ہوئے بھی خوشی محسوس ہو رہی ہے کہ کمپنی کو طویل مدت کے قرضوں کے لئے "AA" اور مختصر مدت کے قرضوں کے لئے "A1+" Credit rating دی گئی ہے۔ یہ درجہ بندی انتہائی کم رسک کے ساتھ اعلیٰ کریڈٹ کا اظہار کرتی ہے۔ جو کہ مالیاتی ذمہ داریوں کی بروقت ادائیگی کی صلاحیت کی وجہ سے ہے۔

مستقبل میں، حکومت کی سبسڈی کے طریقہ کار کے تحت پیداواری لاگت کو خود برداشت کرنے اور صوبائی سیلز ٹیکس کی ایڈجسٹمنٹ کے خاتمے کی وجہ سے کمپنی کے منافع پر مزید منفی اثرات رونما ہونے کا اندیشہ ہے۔ تاہم کمپنی اخراجات میں بچت، صلاحیتوں میں اضافے اور نئے کاروباری منصوبوں کے ذریعے کمپنی اپنے حصہ داروں کی آمدن کو برقرار رکھنے کے لئے کاربند رہے گی۔

بورڈ کی جانب سے



چیرمین

لیفٹیننٹ جنرل خالد نواز خان

راولپنڈی

27 جولائی 2016

ہلال امتیاز (ملٹری)، ستارہ ایثار (ریٹائرڈ)

AUDITORS' REPORT TO THE MEMBERS

ON REVIEW OF INTERIM FINANCIAL INFORMATION

INTRODUCTION

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

SCOPE OF REVIEW

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

CONCLUSION

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

OTHER MATTERS

The figures for the three months periods ended 30 June 2016 and 30 June 2015, in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Date: 27 July 2016

Islamabad

KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Bakhtiyar Kazmi

CONDENSED INTERIM FINANCIAL INFORMATION

CONDENSED INTERIM BALANCE SHEET

As at June 30, 2016

	Note	Un-audited June 30, 2016	Audited December 31, 2015
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY			
Share capital	4	12,722,382	12,722,382
Capital reserves		160,000	160,000
Revenue reserves	5	12,082,786	13,894,676
Surplus on remeasurement of investments available for sale to fair value		630,205	534,407
		25,595,373	27,311,465
NON - CURRENT LIABILITIES			
Long term borrowings	6	16,856,696	15,892,599
Deferred liabilities		4,794,685	4,600,324
		21,651,381	20,492,923
CURRENT LIABILITIES			
Trade and other payables	7	10,769,583	8,113,918
Interest and mark - up accrued	8	413,511	268,094
Short term borrowings	9	16,538,512	18,020,602
Current portion of long term borrowings		5,905,554	4,509,839
Taxation		391,789	1,413,048
		34,018,949	32,325,501
		81,265,703	80,129,889

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 30 form an integral part of this condensed interim financial information.

	Note	Un-audited June 30, 2016	Audited December 31, 2015
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	11	21,550,789	21,381,702
Intangible assets		1,574,190	1,576,720
Long term investments	12	29,180,122	29,129,475
Long term loans and advances	13	936,567	814,298
Long term deposits and prepayments	14	13,469	13,001
		<u>53,255,137</u>	<u>52,915,196</u>

CURRENT ASSETS

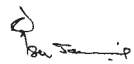
Stores, spares and loose tools		3,255,504	3,395,762
Stock in trade		10,674,504	5,100,020
Trade debts		3,251,439	1,773,698
Loans and advances	15	1,527,626	1,024,594
Deposits and prepayments	16	156,926	39,323
Other receivables	17	3,117,560	2,807,262
Short term investments	18	4,216,133	10,334,720
Cash and bank balances	19	1,810,874	2,739,314
		<u>28,010,566</u>	<u>27,214,693</u>
		<u>81,265,703</u>	<u>80,129,889</u>



Chairman



Chief Executive



Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the period ended June 30, 2016

	Note	For the quarter ended		For the period ended	
		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
		(Rupees '000)		(Rupees '000)	
Sales	20	16,675,916	18,777,622	28,321,912	39,186,304
Cost of sales	21	11,400,921	12,399,111	19,994,620	24,503,875
GROSS PROFIT		5,274,995	6,378,511	8,327,292	14,682,429
Distribution cost		1,586,803	1,587,884	3,104,200	3,169,182
		3,688,192	4,790,627	5,223,092	11,513,247
Finance cost	22	617,121	247,656	1,178,376	443,210
Other expenses	23	441,330	447,306	814,276	1,181,440
		2,629,741	4,095,665	3,230,440	9,888,597
Other income	24	1,561,269	487,865	4,299,364	2,933,213
NET PROFIT BEFORE TAXATION		4,191,010	4,583,530	7,529,804	12,821,810
Provision for taxation		2,026,000	2,225,000	2,637,000	4,556,000
NET PROFIT AFTER TAXATION		2,165,010	2,358,530	4,892,804	8,265,810
Earnings per share - basic and diluted (Rupees)	25	1.71	1.85	3.85	6.50


The annexed notes 1 to 30 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the period ended June 30, 2016

	For the quarter ended		For the period ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(Rupees '000)		(Rupees '000)	
Net profit after taxation	2,165,010	2,358,530	4,892,804	8,265,810
Other comprehensive income for the period				
Items that may be subsequently reclassified to profit or loss				
Surplus on remeasurement of investments available for sale to fair value - net	(18,323)	322,203	95,798	486,166
Total comprehensive income for the period	2,146,687	2,680,733	4,988,602	8,751,976

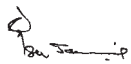
The annexed notes 1 to 30 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the period ended June 30, 2016

	Note	June 30, 2016	June 30, 2015
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	26	270,156	(14,324,619)
Finance cost paid		(1,026,013)	(358,282)
Income tax paid		(3,463,898)	(5,386,656)
Subsidy received on sale of fertilizer		1,434,183	-
Net cash used in operating activities		(2,785,572)	(20,069,557)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,203,151)	(2,163,598)
Proceeds from sale of property, plant and equipment		15,174	10,998
Investments - net		990,446	1,408,388
Interest received		592,786	1,168,167
Dividends received		2,264,743	1,685,775
Net cash generated from investing activities		2,659,998	2,109,730
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing: - Disbursements		4,050,000	14,352,500
- Repayments		(1,690,188)	(917,500)
Dividends paid		(6,874,573)	(9,754,875)
Net cash (used in) / generated from financing activities		(4,514,761)	3,680,125
Net decrease in cash and cash equivalents		(4,640,335)	(14,279,702)
Cash and cash equivalents at beginning of the period		(5,864,224)	15,281,142
Effect of exchange rate changes		(6,946)	16,451
Cash and cash equivalents at end of the period		(10,511,505)	1,017,891
CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	1,810,874	2,130,851
Short term highly liquid investments		4,216,133	8,084,244
Short term running finance	9	(16,538,512)	(9,197,204)
		(10,511,505)	1,017,891


The annexed notes 1 to 30 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the period ended June 30, 2016

	Revenue reserves				Surplus on remeasurement of investments available for sale to fair value	Total
	Share capital	Capital reserves	General reserve	Unappropriated profit		
	(Rupees '000)					
Balance as at January 1, 2015	12,722,382	160,000	6,802,360	5,681,225	303,564	25,669,531
Total comprehensive income for the period						
Profit after taxation	-	-	-	8,265,810	-	8,265,810
Other comprehensive income - net of tax	-	-	-	-	486,166	486,166
Total comprehensive income for the period - net of tax	-	-	-	8,265,810	486,166	8,751,976
Distribution to owners - recorded directly in equity						
Final dividend 2014: Rs 3.50 per share	-	-	-	(4,452,833)	-	(4,452,833)
First interim dividend 2015: Rs 3.94 per share	-	-	-	(5,012,618)	-	(5,012,618)
	-	-	-	(9,465,451)	-	(9,465,451)
Balance as at June 30, 2015	12,722,382	160,000	6,802,360	4,481,584	789,730	24,956,056
Balance as at January 1, 2016	12,722,382	160,000	6,802,360	7,092,316	534,407	27,311,465
Total comprehensive income for the period						
Profit after taxation	-	-	-	4,892,804	-	4,892,804
Other comprehensive income - net of tax	-	-	-	-	95,798	95,798
Total comprehensive income for the period - net of tax	-	-	-	4,892,804	95,798	4,988,602
Distribution to owners - recorded directly in equity						
Final dividend 2015: Rs 3.42 per share	-	-	-	(4,351,054)	-	(4,351,054)
First interim dividend 2016: Rs 1.85 per share	-	-	-	(2,353,640)	-	(2,353,640)
	-	-	-	(6,704,694)	-	(6,704,694)
Balance as at June 30, 2016	12,722,382	160,000	6,802,360	5,280,426	630,205	25,595,373

The annexed notes 1 to 30 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the period ended June 30, 2016

1. Fauji Fertilizer Company Limited (the Company) is a public company incorporated in Pakistan under the Companies Act, 1913, (now the Companies Ordinance, 1984) and its shares are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at 156 - The Mall, Rawalpindi, Pakistan. The Company is domiciled in Rawalpindi. The principal activity of the Company is manufacturing, purchasing and marketing of fertilizers and chemicals, including investment in other fertilizer, chemical, other manufacturing, energy generation, food processing and banking operations.
2. This condensed interim financial information of the Company for the period ended June 30, 2016 has been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures in this condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements of the Company for the year ended December 31, 2015. Comparative condensed interim balance sheet is extracted from annual financial statements as of December 31, 2015 whereas comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from unaudited condensed interim financial information of the Company for the period ended June 30, 2015.

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

3. The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of this condensed interim financial information and financial risk management policy are the same as those applied in preparation of financial statements of the Company for the year ended December 31, 2015, except for the following changes;

Securities and Exchange Commission of Pakistan (SECP), during the period through its circular No. 14 of 2016 dated April 21, 2016, has prescribed the implementation of mandatory disclosure requirement for listed companies. This circular prescribes certain disclosures including bifurcation of certain balance sheet and profit and loss items between conventional and Islamic mode. Accordingly, the Company has presented the required disclosures in this condensed interim financial information. However, there was no change in reported figures of profit and loss or balance sheet.

4. SHARE CAPITAL

AUTHORISED SHARE CAPITAL

This represents 1,500,000,000 (2015: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2015: Rs 15,000,000 thousand).

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

June 30, 2016	December 31, 2015		Un-audited June 30, 2016	Audited December 31, 2015
(Number of shares)			(Rupees '000)	
		Ordinary shares of Rs 10 each, issued		
256,495,902	256,495,902	for consideration in cash	2,564,959	2,564,959
		Ordinary shares of Rs 10 each, issued		
1,015,742,345	1,015,742,345	as fully paid bonus shares	10,157,423	10,157,423
<u>1,272,238,247</u>	<u>1,272,238,247</u>		<u>12,722,382</u>	<u>12,722,382</u>

5. REVENUE RESERVES

General reserve	6,802,360	6,802,360
Unappropriated profit	5,280,426	7,092,316
	<u>12,082,786</u>	<u>13,894,676</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2016

	Note	Un-audited June 30, 2016	Audited December 31, 2015
		(Rupees '000)	
6. LONG TERM BORROWINGS			
Long term borrowings - secured			
From conventional banks	6.1	18,662,250	16,252,438
From Islamic banks	6.2	4,100,000	4,150,000
		<u>22,762,250</u>	<u>20,402,438</u>
Less: Current portion shown under current liabilities			
From conventional banks		4,871,625	3,999,125
From Islamic banks		1,033,929	510,714
		<u>5,905,554</u>	<u>4,509,839</u>
		<u>16,856,696</u>	<u>15,892,599</u>

6.1 Movement during the period / year is as follows:

Opening balance		16,252,438	3,625,000
Draw - downs during the period / year		4,050,000	14,721,500
Repayments during the period / year		(1,640,188)	(2,094,062)
Closing balance	6.1.1	<u>18,662,250</u>	<u>16,252,438</u>

6.1.1 The borrowings are secured by way of hypothecation of Company assets including plant, machinery, tools & spares and other moveable properties including stocks and book debts, ranking pari passu with each other with 25% margin and lien over Pakistan Investment Bonds (PIBs) with 10% margin.

These carry mark-up ranging between 6 month KIBOR + 0.10% to 0.65% per annum and 3 month KIBOR + 0.40% (December 31, 2015: 6 month KIBOR + 0.10 % to 0.50% and 3 month KIBOR + 0.40% per annum) and are repayable up to June 2021 (December 31, 2015: December 2020).

	Note	Un-audited June 30, 2016	Audited December 31, 2015
		(Rupees '000)	
6.2 Movement during the period / year is as follows:			
Opening balance		4,150,000	655,000
Draw - downs during the period / year		-	3,900,000
Repayments during the period / year		(50,000)	(405,000)
Closing balance	6.2.1	<u>4,100,000</u>	<u>4,150,000</u>

6.2.1 The borrowings are secured by way of hypothecation of Company assets including plant, machinery, tools & spares ranking pari passu with each other with 25% margin and lien over Pakistan Investment Bonds (PIBs) with 10% margin.

These carry profit rates ranging between 6 month KIBOR + 0.05% to 0.50% per annum (December 31, 2015: 6 month KIBOR + 0.05% to 0.50% per annum) and are repayable up to December 2020 (December 31, 2015: December 2020).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2016

	Note	Un-audited June 30, 2016	Audited December 31, 2015
(Rupees '000)			
7. TRADE AND OTHER PAYABLES			
Creditors		2,254,783	1,475,991
Accrued liabilities		2,712,264	2,588,789
Consignment account with			
Fauji Fertilizer Bin Qasim Limited - unsecured		2,479,119	547,401
Sales tax payable		-	949,766
Deposits		157,741	252,533
Retention money		161,126	143,480
Advances from customers		706,164	87,541
Workers' Welfare Fund		1,379,968	1,226,298
Workers' Profit Participation Fund		370,857	-
Payable to Gratuity Fund		-	133,690
Unclaimed dividend		444,069	613,948
Payable to Fauji Fresh n Freeze Limited		-	30,317
Other liabilities		103,492	64,164
		<u>10,769,583</u>	<u>8,113,918</u>
8. INTEREST AND MARK - UP ACCRUED			
On borrowings from conventional banks		340,532	201,631
On borrowings from Islamic banks		72,979	66,463
		<u>413,511</u>	<u>268,094</u>
9. SHORT TERM BORROWINGS			
Short term borrowings - secured			
From conventional banks	9.1	15,201,605	16,580,602
From Islamic banks	9.2	1,336,907	1,440,000
		<u>16,538,512</u>	<u>18,020,602</u>
9.1	Short term borrowings are available from various banking companies under mark-up arrangements against facilities aggregating Rs. 19.57 billion (2015: Rs. 17.35 billion) which represent the aggregate all facility agreements between the Company and respective banks.		
	The facilities are secured by pari passu / ranking hypothecation charges on assets of the Company besides lien over US \$ and Term Deposits / PIBs in certain cases. The per annum rates of mark-up range between 1 month KIBOR + 0.08% to 0.35% , 3 month KIBOR + 0.10% to 0.65% and 6 month KIBOR + 0.10% (2015: 1 month KIBOR + 0.05% to 0.35% , 3 month KIBOR + 0.10% to 0.50% and nil).		
9.2	Shariah compliant short term borrowings are available from various banking companies under profit arrangements against facilities aggregating Rs. 3.10 billion (2015: Rs. 1.44 billion) which represent the aggregate of all facility agreements between the Company and respective banks.		
	The facilities are secured by ranking hypothecation charges on assets of the Company. The per annum rates of profit range between 1 month KIBOR + 0.10% , 3 month KIBOR + 0.02% to 3 month KIBOR + 0.14% (2015: 1 month KIBOR + 0.10% and nil).		

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2016

		Un-audited June 30, 2016	Audited December 31, 2015
		(Rupees '000)	
10. CONTINGENCIES AND COMMITMENTS			
(a) Contingencies			
(i)	Guarantees issued by banks on behalf of the Company	15,010	15,010
(ii)	Claims against the Company and / or potential exposure not acknowledged as debt	50,696	50,696
(iii)	The Competition Commission of Pakistan has imposed a penalty of Rs 5.5 billion on the Company for alleged unreasonable increase in urea prices in 2011. However, the fact remains that price increase was essentially caused by extended gas curtailment and delayed urea imports by the Government of Pakistan resulting in product shortage leading to market imbalance and price hike. The Company has filed an appeal against the above penalty before the Competition Appellate Tribunal. Based on legal advice from the Company's legal advisor, the Company is confident that there are reasonable grounds for a favorable decision.		
	Note	Un-audited June 30, 2016	Audited December 31, 2015
		(Rupees '000)	
(b) Commitments in respect of:			
(i)	Capital expenditure	1,192,551	1,029,026
(ii)	Purchase of fertilizer, stores, spares and other revenue items	1,803,798	540,496
(iii)	Rentals under lease agreements:		
	Premises	292,509	240,986
	Vehicles	83,669	92,415
11. PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		21,381,702	20,093,898
Additions during the period / year	11.1	1,203,151	3,272,345
Written down value of disposals		(7,264)	(14,468)
Depreciation during the period / year	11.1	(1,026,800)	(1,970,073)
Closing written down value		21,550,789	21,381,702

- 11.1** Additions in and depreciation on property, plant and equipment during the period ended June 30, 2015 were Rs 2,163,598 thousand and Rs 965,081 thousand respectively.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2016

	Note	Un-audited June 30, 2016	Audited December 31, 2015
		(Rupees '000)	
12. LONG TERM INVESTMENTS			
Investment in subsidiaries - at cost			
FFC Energy Limited		2,438,250	2,438,250
Fauji Fresh n Freeze Limited		1,435,500	1,435,500
Investment in associates - at cost			
Fauji Cement Company Limited		1,500,000	1,500,000
Fauji Fertilizer Bin Qasim Limited		4,658,919	4,658,919
Askari Bank Limited		10,461,921	10,461,921
		16,620,840	16,620,840
Investment in joint venture - at cost			
Pakistan Maroc Phosphore S.A., Morocco		705,925	705,925
Investments available for sale			
Term Deposit Receipts - from conventional banks		105,241	114,758
Pakistan Investment Bonds		8,383,619	8,230,410
Term Finance Certificates - under mark-up arrangement		-	99,917
		8,488,860	8,445,085
		29,689,375	29,645,600
Less: Current portion shown under short term investments			
Investments available for sale			
Term Deposit Receipts - from conventional banks		33,073	29,574
Pakistan Investment Bonds		476,180	486,551
	18	509,253	516,125
		29,180,122	29,129,475
13. LONG TERM LOANS AND ADVANCES			
Loans and advances - considered good;			
Interest bearing		683,184	559,442
Non - interest bearing		574,824	553,468
		1,258,008	1,112,910
Less: Amount due within twelve months, shown			
under current loans and advances			
Interest bearing		126,474	115,976
Non - interest bearing		194,967	182,636
	15	321,441	298,612
		936,567	814,298
14. LONG TERM DEPOSITS AND PREPAYMENTS			
Deposits			
Non - interest bearing		12,378	12,388
Prepayments		1,091	613
		13,469	13,001

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2016

	Note	Un-audited June 30, 2016	Audited December 31, 2015
(Rupees '000)			
15. LOANS AND ADVANCES			
Current portion of long term loans and advances	13	321,441	298,612
Loans and advances to employees - unsecured - considered good non - interest bearing		106,826	46,372
Advances to subsidiary companies - interest bearing			
FFC Energy Limited (FFCEL)	15.1	336,386	336,386
Fauji Fresh n Freeze Limited (FFF)	15.2	622,251	183,000
Advances to suppliers - considered good		140,722	160,224
		<u>1,527,626</u>	<u>1,024,594</u>

15.1 This represents aggregate unsecured advance to, FFCEL, subsidiary company under a revolving credit facility upto an amount of Rs 1,500,000 thousand to meet debt servicing obligations and other working capital requirements. This carries mark-up at 1 month KIBOR + 60bps.

15.2 This represents aggregate unsecured advance to, FFF, subsidiary company under a revolving credit facility upto an amount of Rs 1,000,000 thousand to meet debt servicing obligations and other working capital requirements. This carries mark-up at 1 month KIBOR + 100bps.

	Un-audited June 30, 2016	Audited December 31, 2015
(Rupees '000)		
16 DEPOSITS AND PREPAYMENTS		
Deposits		
Non - interest bearing	962	962
Prepayments	155,964	38,361
	<u>156,926</u>	<u>39,323</u>

17. OTHER RECEIVABLES

Accrued income on investments and bank deposits		
From conventional banks	396,769	421,899
From Islamic banks	671	916
From subsidiaries - conventional	92,892	105,433
Sales tax receivable	319,608	-
Sales tax receivable related to Pak Saudi Fertilizers Limited	42,486	42,486
Advance tax	322,368	322,368
Receivable from Workers' Profit Participation Fund - unsecured	488	33,536
Receivable from subsidiary companies		
Fauji Fresh n Freeze Limited - unsecured	13,736	-
FFC Energy Limited - unsecured	53,096	8,064
Receivable from Fauji Fertilizer Bin Qasim Limited - unsecured	50,912	49,010
Due from Gratuity Fund	72,197	-
Due from Pension Fund	316,987	268,136
Subsidy receivable from Government agencies	1,435,350	1,489,977
Other receivables		
Considered good	-	65,437
Considered doubtful	2,232	2,232
Provision for doubtful receivables	(2,232)	(2,232)
	-	65,437
	<u>3,117,560</u>	<u>2,807,262</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2016

	Note	Un-audited June 30, 2016	Audited December 31, 2015
		(Rupees '000)	
18. SHORT TERM INVESTMENTS			
Loans and receivables - Conventional investments			
Term deposits with banks and financial institutions			
Local currency		2,100,000	8,239,000
Foreign currency		1,408,366	1,396,192
Investments at fair value through profit or loss - Shariah compliant investments		198,514	183,403
Current maturity of long term investments			
Investments available for sale	12	509,253	516,125
		<u>4,216,133</u>	<u>10,334,720</u>
19. CASH AND BANK BALANCES			
At banks			
Local currency			
Current account - Conventional banking		70,761	106,570
Deposit account - Conventional banking	19.2	499,090	794,496
Deposit account - Shariah compliant	19.3	68,089	20,691
		637,940	921,757
Foreign currency			
Deposit account		507	1,965
Cash in transit		1,169,574	1,813,556
Cash in hand		2,853	2,036
		<u>1,810,874</u>	<u>2,739,314</u>
19.1	Balances with banks include Rs 465,725 thousand (2015: Rs 738,350 thousand) in respect of security deposits received.		
19.2	Balances with conventional banks carry mark-up ranging from 3.75 % to 6% (2015: 2.5% to 6%) per annum.		
19.3	Balances with Islamic banks carry profit ranging from 2.25% to 5.70% (2015: 4% to 7%) per annum.		

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the period ended June 30, 2016

20. SALES

Sales include Rs 1,945,286 thousand (2015: Rs 1,711,784 thousand) in respect of sale of purchased fertilizers, and are exclusive of sales tax and discount of Rs 4,066,855 thousand (2015: Rs 6,450,250 thousand) and Rs 513,446 thousand (2015: Nil) respectively.

21. COST OF SALES	For the quarter ended		For the period ended	
	June 30,	June 30,	June 30,	June 30,
	2016	2015	2016	2015
	(Rupees '000)		(Rupees '000)	
Raw materials consumed	6,216,715	5,899,125	13,547,863	12,179,211
Fuel and power	2,290,050	1,904,676	4,430,293	3,817,768
Chemicals and supplies	91,691	110,962	178,078	178,866
Salaries, wages and benefits	1,555,525	1,562,673	3,053,645	2,853,781
Training and employees welfare	183,398	199,778	370,859	371,435
Rent, rates and taxes	2,949	3,434	6,090	9,228
Insurance	53,591	5,370	104,730	49,749
Travel and conveyance	110,696	135,207	177,479	215,894
Repairs and maintenance	356,885	873,683	899,234	1,263,160
Depreciation and amortization	497,846	463,488	982,712	945,239
Communication and other expenses	444,986	450,044	773,742	807,030
Provision for slow moving spares	8,301	31,656	8,301	31,656
Opening stock - work in process	100,800	91,241	106,097	64,860
Closing stock - work in process	(74,396)	(88,673)	(74,396)	(88,673)
Cost of goods manufactured	11,839,037	11,642,664	24,564,727	22,699,204
Opening stock - manufactured urea	7,161,613	452,553	2,172,446	584,930
Closing stock - manufactured urea	(8,349,180)	(109,547)	(8,349,180)	(109,547)
	(1,187,567)	343,006	(6,176,734)	475,383
Cost of sales - manufactured urea	10,651,470	11,985,670	18,387,993	23,174,587
Opening stock - purchased fertilizers	1,898,861	292,198	2,756,037	21,504
Purchase of fertilizers for resale	1,008,596	808,420	1,008,596	1,994,961
	2,907,457	1,100,618	3,764,633	2,016,465
Closing stock - purchased fertilizers	(2,158,006)	(687,177)	(2,158,006)	(687,177)
Cost of sales - purchased fertilizers	749,451	413,441	1,606,627	1,329,288
	11,400,921	12,399,111	19,994,620	24,503,875

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the period ended June 30, 2016

	For the quarter ended		For the period ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(Rupees '000)		(Rupees '000)	
22. FINANCE COST				
Mark-up on long term borrowings				
Conventional banking	325,739	136,656	604,668	226,431
Islamic banking	73,239	25,207	143,423	41,429
	398,978	161,863	748,091	267,860
Mark-up on short term borrowings				
Conventional banking	191,827	57,353	371,313	93,558
Islamic banking	21,393	15,154	42,966	43,470
	213,220	72,507	414,279	137,028
Exchange loss	1,696	8,976	6,946	27,540
Bank and other charges	3,227	4,310	9,060	10,782
	617,121	247,656	1,178,376	443,210
23. OTHER EXPENSES				
Research and development	133,252	106,714	256,213	227,597
Workers' Profit Participation Fund	224,954	246,207	404,393	688,783
Workers' Welfare Fund	83,124	94,385	153,670	265,060
	441,330	447,306	814,276	1,181,440
24. OTHER INCOME				
Income from sales under Government subsidy	1,234,766	-	1,379,556	-
Income from financial assets				
Income on loans, deposits and investments				
Placements with conventional banks	251,527	381,349	548,377	998,946
Placements with Islamic banks	147	42,858	147	138,429
Gain on re-measurement of investments placed with conventional banks	14,014	5,631	26,939	3,205
Exchange gain on foreign currency	1,018	7,393	700	25,905
Income from associate				
Dividend from FFBL	-	-	1,420,970	1,048,257
Dividend from AKBL	-	-	679,710	543,768
Dividend from FCCL	-	-	164,063	93,750
Income from non - financial assets				
(Loss) / gain on disposal of property, plant and equipment	(1,516)	(8,919)	7,910	(3,208)
Commission on sale of FFBL products	4,314	4,714	6,433	6,729
Other income				
Scrap sales	2,233	18,168	3,595	21,832
Others	54,766	36,671	60,964	55,600
	1,561,269	487,865	4,299,364	2,933,213
25. EARNINGS PER SHARE				
Net profit after tax (Rupees '000)	2,165,010	2,358,530	4,892,804	8,265,810
Weighted average number of shares in issue during the period - (Number '000)	1,272,238	1,272,238	1,272,238	1,272,238
Basic and diluted earnings per share (Rupees)	1.71	1.85	3.85	6.50

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
For the period ended June 30, 2016

	For the period ended	
	June 30, 2016	June 30, 2015
	(Rupees '000)	
26. CASH GENERATED FROM OPERATIONS		
Net profit before taxation	7,529,804	12,821,810
Adjustments for:		
Depreciation and amortization	1,029,330	1,003,139
Provision for slow moving spares	8,301	31,656
Finance cost	1,178,376	443,210
(Gain) / loss on sale of property, plant and equipment	(7,910)	3,208
Income on loans, deposits and investments	(548,524)	(1,137,375)
Exchange gain - net	(700)	(25,905)
Gain on remeasurement of investment at fair value through profit or loss	(26,939)	(3,205)
Dividend Income	(2,264,743)	(1,685,775)
Government subsidy on sale of fertilizer	(1,379,556)	-
	(2,012,365)	(1,371,047)
	5,517,439	11,450,763
Changes in working capital:		
Decrease / (increase) in current assets		
Stores, spares and loose tools	131,957	69,741
Stock in trade	(5,574,484)	(40,484)
Trade debts	(1,477,741)	(1,049,395)
Loans and advances	(503,032)	(296,636)
Deposits and prepayments	(117,603)	(654,888)
Other receivables	(409,187)	(15,075)
Increase / (decrease) in current liabilities		
Trade and other payables	2,825,544	(23,869,542)
	(5,124,546)	(25,856,279)
Changes in long term loans and advances	(122,269)	(98,554)
Changes in long term deposits and prepayments	(468)	1,154
Changes in deferred liabilities	-	178,297
	270,156	(14,324,619)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the period ended June 30, 2016

27. FINANCIAL INSTRUMENTS

Fair value of Financial Instruments

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: 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 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

27.1 Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2016

	Carrying Amount			Fair Value					
	Loans and receivables	Available for sale investments	Fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees '000)									
June 30, 2016 (Un-audited)									
Financial assets not measured at fair value									
Non - current assets									
Long term investments	-	7,979,607	-	-	7,979,607	-	7,979,607	-	7,979,607
Long term loans and advances	936,567	-	-	-	936,567	-	-	-	-
Long term deposits	12,378	-	-	-	12,378	-	-	-	-
Current assets									
Trade debts - net of provision	3,251,439	-	-	-	3,251,439	-	-	-	-
Loans and advances	1,386,904	-	-	-	1,386,904	-	-	-	-
Deposits	962	-	-	-	962	-	-	-	-
Other receivables	2,752,218	-	-	-	2,752,218	-	-	-	-
Short term investments	3,508,366	509,253	198,514	-	4,216,133	198,514	4,017,619	-	4,216,133
Cash and bank balances	1,810,874	-	-	-	1,810,874	-	-	-	-
	13,659,708	8,488,860	198,514	-	22,347,082	198,514	11,997,226	-	12,195,740
Financial liabilities not measured at fair value									
Non - current liabilities									
Long term borrowings	-	-	-	16,856,696	16,856,696	-	-	-	-
Current liabilities									
Trade and other payables	-	-	-	8,312,594	8,312,594	-	-	-	-
Interest and mark-up accrued	-	-	-	413,511	413,511	-	-	-	-
Short term borrowings	-	-	-	16,538,512	16,538,512	-	-	-	-
Current portion of long term borrowings	-	-	-	5,905,554	5,905,554	-	-	-	-
	-	-	-	48,026,867	48,026,867	-	-	-	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2016

	Carrying Amount			Fair Value					
	Loans and receivables	Available for sale investments	Fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees '000)								
December 31, 2015 (Audited)									
Financial assets not measured at fair value									
Non - current assets									
Long term investments	-	7,928,960	-	-	7,928,960	99,917	7,829,043	-	7,928,960
Long term loans and advances	814,298	-	-	-	814,298	-	-	-	-
Long term deposits	12,388	-	-	-	12,388	-	-	-	-
Current assets									
Trade debts - net of provision	1,773,698	-	-	-	1,773,698	-	-	-	-
Loans and advances	864,370	-	-	-	864,370	-	-	-	-
Deposits	962	-	-	-	962	-	-	-	-
Other receivables	2,408,872	-	-	-	2,408,872	-	-	-	-
Short term investments	9,635,192	516,125	183,403	-	10,334,720	183,403	10,151,317	-	10,334,720
Cash and bank balances	2,739,314	-	-	-	2,739,314	-	-	-	-
	18,249,094	8,445,085	183,403	-	26,877,582	283,320	17,980,360	-	18,263,680
Financial liabilities not measured at fair value									
Non - current liabilities									
Long term borrowings	-	-	-	15,892,599	15,892,599	-	-	-	-
Current liabilities									
Trade and other payables	-	-	-	5,716,623	5,716,623	-	-	-	-
Interest and mark-up accrued	-	-	-	268,094	268,094	-	-	-	-
Short term borrowings	-	-	-	18,020,602	18,020,602	-	-	-	-
Current portion of long term borrowings	-	-	-	4,509,839	4,509,839	-	-	-	-
	-	-	-	44,407,757	44,407,757	-	-	-	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the period ended June 30, 2016

	June 30, 2016	June 30, 2015
	(Rupees '000)	
28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES		
Significant transactions and balances with the related parties are as follows:		
Transactions with subsidiary companies		
Guarantee against loan of subsidiary company	5,450,000	5,450,000
Balance receivable - unsecured	1,118,361	648,229 *
Balance payable - unsecured	-	45,663 *
Transactions with associated undertakings / companies due to common directorship		
Expenses charged on account of marketing of fertilizer on behalf of associated company	410,623	319,963
Commission on sale of products	6,433	6,729
Payments under consignment account	10,155,995	17,710,356
Purchase of gas as feed and fuel stock	20,940,092	15,274,508
Dividend income	2,264,743	1,685,775
Dividend paid	2,973,532	4,197,928
Short term investment	-	789,000 *
Investments in TDRs issued by associated company and outstanding at the year end	105,241	114,758 *
Short term borrowing	925,201	989,970 *
Bank balance	-	4,802 *
Running finance	82,922	- *
Balance receivable - unsecured	60,567	58,648 *
Balance payable - unsecured	4,046,227	2,586,607 *
Other related parties		
Remuneration of Chief Executive and Executives:		
Remuneration including benefits and perquisites of chief executive and other executives. No of persons 2016: 1 and 894 (2015: 1 and 764) respectively.	2,793,245	2,609,962
Payments to:		
Employees' Provident Fund Trust	193,780	179,315
Employees' Gratuity Fund Trust	278,084	74,893
Employees' Pension Fund Trust	97,701	459,371
Employee Funds as Dividend	18,215	52,952
Others:		
Balance receivable from / (payable to) Gratuity Fund Trust	72,197	(133,690) *
Balance receivable from Pension Fund Trust	316,987	268,136 *

* Comparative figures of receivable / payable balances are as of December 31, 2015.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the period ended June 30, 2016

29. POST BALANCE SHEET EVENT

The Board of Directors of the Company in its meeting held on July 27, 2016 proposed second interim dividend of Rs 1.55 per share.

30. GENERAL

30.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.


30.2 This condensed interim financial information has been authorized for issue by the Board of Directors of the Company on July 27, 2016.



Chairman



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION



CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

As at June 30, 2016

	Note	Un-audited June 30, 2016	Audited December 31, 2015
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY			
Share capital	4	12,722,382	12,722,382
Capital reserves		863,470	853,511
Revenue reserves	5	30,486,278	33,626,176
Surplus on remeasurement of investments available for sale to fair value - net		2,335,849	2,230,710
		46,407,979	49,432,779
NON - CURRENT LIABILITIES			
Long term borrowings	6	25,047,291	24,746,264
Deferred liabilities		5,637,820	5,306,671
Liability against assets subject to finance lease		6,742	5,459
		30,691,853	30,058,394
CURRENT LIABILITIES			
Trade and other payables	7	11,166,373	8,540,491
Interest and mark-up accrued	8	444,409	408,068
Short term borrowings	9	16,538,512	18,020,602
Current portion of long term borrowings		7,244,515	5,801,752
Taxation		398,750	1,418,207
		35,792,559	34,189,120
		112,892,391	113,680,293
CONTINGENCIES AND COMMITMENTS			
	10		

The annexed notes 1 to 31 form an integral part of this condensed interim consolidated financial information.

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

ASSETS**NON - CURRENT ASSETS**

Property, plant and equipment	11	35,030,372	35,228,277
Intangible assets		1,937,517	1,940,047
Long term investments	12	45,592,185	46,702,026
Long term loans and advances	13	936,567	814,298
Long term deposits and prepayments	14	28,139	25,081
		83,524,780	84,709,729

CURRENT ASSETS

Stores, spares and loose tools		3,255,504	3,395,762
Stock in trade		10,767,955	5,127,591
Trade debts		4,454,126	2,198,576
Loans and advances	15	601,222	527,907
Deposits and prepayments	16	192,185	40,120
Other receivables	17	3,064,724	3,083,753
Short term investments	18	4,988,093	11,187,720
Cash and bank balances	19	2,043,802	3,409,135
		29,367,611	28,970,564
		112,892,391	113,680,293



Chairman



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the period ended June 30, 2016

	Note	For the quarter ended		For the period ended	
		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
		(Rupees'000)		(Rupees'000)	
Sales	20	17,646,316	19,898,242	29,610,223	40,572,291
Cost of sales	21	11,761,979	12,592,706	20,725,460	24,887,562
GROSS PROFIT		5,884,337	7,305,536	8,884,763	15,684,729
Administrative expenses and distribution cost		1,647,499	1,665,711	3,211,798	3,280,832
		4,236,838	5,639,825	5,672,965	12,403,897
Finance cost	22	868,818	564,251	1,674,741	1,062,595
Other expenses	23	441,330	443,466	814,276	1,183,599
		2,926,690	4,632,108	3,183,948	10,157,703
Other income	24	1,582,399	508,833	2,075,873	1,281,241
Share of profit of associates and joint venture		225,080	1,293,520	948,168	1,882,327
NET PROFIT BEFORE TAXATION		4,734,169	6,434,461	6,207,989	13,321,271
Provision for taxation		1,938,788	2,227,877	2,643,193	4,560,456
NET PROFIT AFTER TAXATION		2,795,381	4,206,584	3,564,796	8,760,815
Earnings per share - basic and diluted (Rupees)	25	2.20	3.31	2.80	6.89

The annexed notes 1 to 31 form an integral part of this condensed interim consolidated financial information.



Chairman



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the period ended June 30, 2016

	For the quarter ended		For the period ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(Rupees'000)		(Rupees'000)	
Net profit after taxation	2,795,381	4,206,584	3,564,796	8,760,815
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Exchange difference on translation of investment in foreign company	34,853	(121,155)	9,959	(178,076)
Share of other comprehensive income of associates and joint ventures	40,495	-	9,341	-
Surplus on remeasurement of investments available for sale to fair value - net	(18,323)	322,203	95,798	486,166
	57,025	201,048	115,098	308,090
Total comprehensive income for the period	2,852,406	4,407,632	3,679,894	9,068,905

The annexed notes 1 to 31 form an integral part of this condensed interim consolidated financial information.



Chairman



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)

For the period ended June 30, 2016

	Note	June 30, 2016	June 30, 2015
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	27	996,657	(13,456,498)
Finance cost paid		(1,631,454)	(1,002,301)
Income tax paid		(3,468,288)	(5,389,341)
Subsidy received on sale of fertilizer		1,434,183	-
		(3,665,559)	(6,391,642)
Net cash used in operating activities		(2,668,902)	(19,848,140)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,294,644)	(2,927,913)
Proceeds from sale of property, plant and equipment		40,349	37,211
Decrease in investments		218,367	1,408,388
Interest received		640,643	1,168,167
Dividend received		2,264,743	1,685,775
Net cash generated from investing activities		1,869,458	1,371,628
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - disbursements		4,050,000	15,116,250
- repayments		(2,306,210)	(1,864,519)
Dividends paid		(6,874,573)	(9,754,875)
Net cash (used in) / generated from financing activities		(5,130,783)	3,496,856
Cash and cash equivalents at beginning of the period		(4,341,404)	16,157,977
Effect of exchange rate changes		(6,946)	16,451
Cash and cash equivalents at end of the period		(10,278,577)	1,194,772
CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	2,043,802	2,437,232
Short term highly liquid investments		4,216,133	8,084,244
Short term running finances	9	(16,538,512)	(9,326,704)
		(10,278,577)	1,194,772

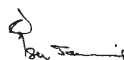
The annexed notes 1 to 31 form an integral part of this condensed interim consolidated financial information.



Chairman



Chief Executive



Director

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For the period ended June 30, 2016

	Capital reserves				Revenue reserves		Surplus on remeasurement of available for sale investments to fair value		Total
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Statutory reserve	General reserve	Unappropriated profit		
					(Rupees '000)				
Balance at January 1, 2015	12,722,382	40,000	120,000	451,592	-	6,802,360	23,230,168	303,564	43,670,066
Total comprehensive income for the period									
Profit for the period after taxation	-	-	-	-	-	-	8,760,815	-	8,760,815
Other comprehensive income - net of tax	-	-	-	(178,076)	-	-	-	486,166	308,090
Total comprehensive income for the period - net of tax	-	-	-	(178,076)	-	-	8,760,815	486,166	9,068,905
Distributions to owners - recorded directly in equity									
Final dividend 2014: Rs 3.50 per share	-	-	-	-	-	-	(4,452,834)	-	(4,452,834)
First interim dividend 2015: Rs 3.94 per share	-	-	-	-	-	-	(5,012,618)	-	(5,012,618)
	-	-	-	-	-	-	(9,465,452)	-	(9,465,452)
Balance as at June 30, 2015	12,722,382	40,000	120,000	273,516	-	6,802,360	22,525,531	789,730	43,273,519
Balance at January 1, 2016	12,722,382	40,000	120,000	264,730	428,781	6,802,360	26,823,816	2,230,710	49,432,779
Total comprehensive income for the period									
Profit for the period after taxation	-	-	-	-	-	-	3,564,796	-	3,564,796
Other comprehensive income - net of tax	-	-	-	9,959	-	-	-	105,139	115,098
Total comprehensive income for the period - net of tax	-	-	-	9,959	-	-	3,564,796	105,139	3,679,894
Distributions to owners - recorded directly in equity									
Final dividend 2015: Rs 3.42 per share	-	-	-	-	-	-	(4,351,054)	-	(4,351,054)
First interim dividend 2016: Rs 1.85 per share	-	-	-	-	-	-	(2,353,640)	-	(2,353,640)
	-	-	-	-	-	-	(6,704,694)	-	(6,704,694)
Balance as at June 30, 2016	12,722,382	40,000	120,000	274,689	428,781	6,802,360	23,683,918	2,335,849	46,407,979

The annexed notes 1 to 31 form an integral part of this condensed interim consolidated financial information.



Chairman



Chief Executive



Director

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the period ended June 30, 2016

1. Fauji Fertilizer Company Limited (the Company) is a public company incorporated in Pakistan under the Companies Act, 1913, (now the Companies Ordinance, 1984) and its shares are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at 156 - The Mall, Rawalpindi, Pakistan. The Company is domiciled in Rawalpindi. The principal activity of the Company is manufacturing, purchasing and marketing of fertilizers and chemicals, including investment in other fertilizer, chemical, other manufacturing, energy generation, food processing and banking operations.
2. This condensed interim consolidated financial report is un-audited and is being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. This condensed interim consolidated financial report of the Group for the period ended June 30, 2016 has been prepared in accordance with the requirements of the International Accounting Standard - 34: "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The applicable financial framework for banks also includes the Banking Companies Ordinance, 1962 and the provisions of and directives issued by the State Bank of Pakistan (SBP).

This condensed interim consolidated financial report does not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended December 31, 2015. Comparative condensed interim consolidated balance sheet is extracted from annual audited financial statements for the year ended December 31, 2015 whereas comparative condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated cash flow statement and condensed interim consolidated statement of changes in equity are stated from un-audited condensed interim financial report for the period ended June 30, 2015.

3. The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of this condensed interim financial information and financial risk management policy are the same as those applied in preparation of financial statements of the Group for the year ended December 31, 2015, except for the following changes;

Securities and Exchange Commission of Pakistan (SECP), during the period through its circular No. 14 of 2016 dated April 21, 2016, has prescribed the implementation of mandatory disclosure requirement for listed companies. This circular prescribes certain disclosures including bifurcation of certain balance sheet and profit and loss items between conventional and Islamic mode. Accordingly, the Group has presented the required disclosures in this condensed interim financial information. However, there was no change in reported figures of profit and loss or balance sheet.

4. SHARE CAPITAL

AUTHORISED SHARE CAPITAL

This represents 1,500,000,000 (2015: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2015: Rs 15,000,000 thousand).

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

June 30, 2016	December 31, 2015		Un-audited June 30, 2016	Audited December 31, 2015
(Numbers of shares)			(Rupees '000)	
256,495,902	256,495,902	Ordinary shares of Rs.10 each, issued for consideration in cash.	2,564,959	2,564,959
1,015,742,345	1,015,742,345	Ordinary shares of Rs.10 each issued as fully paid bonus shares.	10,157,423	10,157,423
<u>1,272,238,247</u>	<u>1,272,238,247</u>		<u>12,722,382</u>	<u>12,722,382</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the period ended June 30, 2016

	Note	Un-audited June 30, 2016	Audited December 31, 2015
		(Rupees '000)	
5. REVENUE RESERVES			
General reserve		6,802,360	6,802,360
Unappropriated profit		23,683,918	26,823,816
		<u>30,486,278</u>	<u>33,626,176</u>
6. LONG TERM BORROWINGS			
Loans from banking companies (secured)			
From conventional banks			
Fauji Fertilizer Company Limited	6.1	18,662,250	16,252,438
FFC Energy Limited	6.2	7,356,606	7,708,074
Fauji Fresh n Freeze Limited	6.3	2,172,950	2,437,504
From Islamic banks			
Fauji Fertilizer Company Limited	6.4	4,100,000	4,150,000
		<u>32,291,806</u>	<u>30,548,016</u>
Less: Current portion shown under current liabilities			
From conventional banks		6,210,586	5,291,038
From Islamic banks		1,033,929	510,714
		<u>7,244,515</u>	<u>5,801,752</u>
		<u>25,047,291</u>	<u>24,746,264</u>
6.1 Movement during the period / year is as follows:			
Opening balance		16,252,438	3,625,000
Draw-downs during the period / year		4,050,000	14,721,500
Repayments during the period / year		(1,640,188)	(2,094,062)
Closing balance		<u>18,662,250</u>	<u>16,252,438</u>
6.2 Movement during the period / year is as follows:			
Long term loans from banking companies		7,492,518	7,862,065
Less: Transaction cost			
Less: Initial transaction cost		(269,797)	(269,797)
Less: Amortized during the period / year		133,885	115,806
Closing balance		<u>7,356,606</u>	<u>7,708,074</u>
6.3 Movement during the period / year is as follows:			
MCB Bank Limited		1,325,000	1,590,000
Allied Bank Limited		849,750	849,750
Less: Transaction cost		(4,000)	(4,000)
Less: Amortized during the period / year		2,200	1,754
Closing balance		<u>2,172,950</u>	<u>2,437,504</u>
6.4 Movement during the period / year is as follows:			
Opening balance		4,150,000	655,000
Draw-downs during the period / year		-	3,900,000
Repayments during the period / year		(50,000)	(405,000)
Closing balance		<u>4,100,000</u>	<u>4,150,000</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the period ended June 30, 2016

	Un-audited June 30, 2016	Audited December 31, 2015
	(Rupees '000)	
7. TRADE AND OTHER PAYABLES		
Creditors	2,545,842	1,722,705
Accrued liabilities	2,792,291	2,662,142
Consignment account with Fauji Fertilizer Bin Qasim Limited - unsecured	2,479,119	547,401
Sales tax payable - net	-	1,057,137
Deposits	157,741	252,533
Retention money	163,941	143,480
Advances from customers	706,164	87,541
Workers' Welfare Fund	1,379,968	1,226,298
Workers' Profit Participation Fund	370,857	-
Payable to Gratuity Fund	-	133,690
Unclaimed dividend	444,069	613,948
Other liabilities	126,381	93,616
	<u>11,166,373</u>	<u>8,540,491</u>
8. INTEREST AND MARK-UP ACCRUED		
On borrowings from conventional banks	371,430	341,605
On borrowings from Islamic banks	72,979	66,463
	<u>444,409</u>	<u>408,068</u>
9. SHORT TERM BORROWINGS		
Short term borrowings - secured		
From conventional banks	15,201,605	16,580,602
From Islamic banks	1,336,907	1,440,000
	<u>16,538,512</u>	<u>18,020,602</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the period ended June 30, 2016

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

10. CONTINGENCIES AND COMMITMENTS**a) Contingencies:**

i) Guarantees issued by banks on behalf of the Group companies	15,010	15,010
ii) Claims against FFC and/or potential exposure not acknowledged as debt	50,696	50,696
iii) Group's share of contingencies in Fauji Fertilizer Bin Qasim Limited	24,054,672	16,800,914
iv) Group's share of contingencies in Fauji Cement Company Limited as at March 31, 2016 (2015: June 30, 2015)	153,079	111,671
v) Group's share of contingencies in Askari Bank Limited as at March 31, 2016 (2015: June 30, 2015)	51,683,054	68,495,076
vi) The Competition Commission of Pakistan has imposed a penalty of Rs 5.5 billion on FFC for alleged unreasonable increase in urea prices during the year 2011. However, the fact remains that price increase was essentially caused by extended gas curtailment and delayed urea imports by the Government of Pakistan resulting in product shortage leading to market imbalance and price hike. FFC has filed an appeal against the above penalty before the Competition Appellate Tribunal. Based on legal advice from FFC's legal advisor, the FFC is confident that there are reasonable grounds for a favorable decision.		

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

b) Commitments in respect of:

i) Capital expenditure	1,202,551	1,067,085
ii) Purchase of fertilizer, stores, spares and other operational items	1,803,798	540,496
iii) Group's share of commitments of PMP as at March 31, 2016 (2015: June 30, 2015)	5,987	1,131
iv) Rentals under lease agreements:		
Premises	292,509	285,891
Vehicles	128,574	92,415

11. PROPERTY PLANT AND EQUIPMENT

Opening written down value		35,228,277	33,104,620
Additions during the period / year	11.1	1,294,644	4,729,287
Written down value of disposals		(32,439)	(14,468)
Depreciation during the period / year	11.1	(1,460,110)	(2,591,162)
Closing written down value		35,030,372	35,228,277

11.1 Additions in and depreciation on property, plant and equipment during the period ended June 30, 2015 were Rs 3,010,198 thousand and Rs 1,272,889 thousand respectively.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the period ended June 30, 2016

	Note	Un-audited June 30, 2016	Audited December 31, 2015
		(Rupees '000)	
12. LONG TERM INVESTMENTS			
Equity accounted investments	12.1	37,612,578	38,773,066
Other long term investments	12.2	7,979,607	7,928,960
		<u>45,592,185</u>	<u>46,702,026</u>
12.1 Equity accounted investments			
Investment in associated company - under equity method			
Fauji Fertilizer Bin Qasim Limited			
Balance at the beginning		20,787,172	19,479,310
Share of profit / OCI for the period / year		(291,182)	2,705,538
Dividend received		(1,420,970)	(1,397,676)
		<u>19,075,020</u>	<u>20,787,172</u>
Askari Bank Limited			
Balance at the beginning		14,541,280	11,859,580
Share of profit / OCI for the period / year		959,454	3,769,236
Dividend received		(679,710)	(1,087,536)
		<u>14,821,024</u>	<u>14,541,280</u>
Fauji Cement Company Limited			
Balance at the beginning		1,896,273	1,824,000
Share of profit / OCI for the period / year		219,630	306,648
Dividend received		(164,063)	(234,375)
		<u>1,951,840</u>	<u>1,896,273</u>
Investment in joint venture - under equity method			
Pakistan Maroc Phosphore S.A., Morocco			
Balance at the beginning		1,548,341	1,290,236
Share of profit for the period / year		206,394	355,539
Gain / (loss) on translation of net assets		9,959	(97,434)
		<u>1,764,694</u>	<u>1,548,341</u>
		<u>37,612,578</u>	<u>38,773,066</u>
12.2 Other long term investments			
Investment available for sale			
Term Deposit Receipts - from conventional banks		105,241	114,758
Pakistan Investment Bonds		8,383,619	8,230,410
Term Finance Certificates - under mark-up arrangement		-	99,917
		<u>8,488,860</u>	<u>8,445,085</u>
Less: Current portion shown under short term investments			
Investments available for sale			
Term Deposit Receipts		33,073	29,574
Pakistan Investment Bonds		476,180	486,551
		<u>509,253</u>	<u>516,125</u>
		<u>7,979,607</u>	<u>7,928,960</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION
For the period ended June 30, 2016

	Note	Un-audited June 30, 2016	Audited December 31, 2015
		(Rupees '000)	
13. LONG TERM LOANS AND ADVANCES			
Loans and advances - considered good;			
Interest bearing		683,184	559,442
Non-interest bearing		574,824	553,468
		<u>1,258,008</u>	<u>1,112,910</u>
Less: Amount due within twelve months, shown under current loans and advances			
Interest bearing		126,474	115,976
Non-interest bearing		194,967	182,636
	15	<u>321,441</u>	<u>298,612</u>
		<u>936,567</u>	<u>814,298</u>
14. LONG TERM DEPOSITS AND PREPAYMENTS			
Deposits			
Non-interest bearing		27,048	24,468
Prepayments		1,091	613
		<u>28,139</u>	<u>25,081</u>
15. LOANS AND ADVANCES			
Current portion of long term loans and advances	13	321,441	298,612
Loans and advances to employees - unsecured - considered good non-interest bearing		112,197	48,012
Advances to suppliers - considered good		167,584	181,283
		<u>601,222</u>	<u>527,907</u>
16. DEPOSITS AND PREPAYMENTS			
Deposits			
Non-interest bearing		962	1,292
Prepayments		191,223	38,828
		<u>192,185</u>	<u>40,120</u>
17. OTHER RECEIVABLES			
Accrued income on investments and bank deposits			
From conventional banks		399,155	536,076
From Islamic banks		671	916
Sales tax receivable - net		288,026	-
Sales tax receivable related to Pak Saudi Fertilizers Limited		42,486	42,486
Advance tax		355,973	351,708
Receivable from Workers' Profit Participation Fund - unsecured		488	33,536
Receivable from Fauji Fertilizer Bin Qasim Limited - unsecured		50,912	49,010
Due from Gratuity Fund		72,197	-
Due from Pension Fund		316,987	268,136
Subsidy receivable from Government agencies		1,435,350	1,489,977
Other receivables			
Considered good		102,479	311,908
Considered doubtful		2,232	2,232
Provision for doubtful receivables		(2,232)	(2,232)
		<u>102,479</u>	<u>311,908</u>
		<u>3,064,724</u>	<u>3,083,753</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the period ended June 30, 2016

	Note	Un-audited June 30, 2016	Audited December 31, 2015
(Rupees'000)			
18. SHORT TERM INVESTMENTS			
Loans & receivables - conventional instruments			
Term deposits with banks and financial institutions			
Local currency		2,871,960	9,092,000
Foreign currency		1,408,366	1,396,192
Investments at fair value through			
profit or loss - Shariah compliant investments		198,514	183,403
Current maturity of long term investments			
available for sale	12.2	509,253	516,125
		4,988,093	11,187,720
19. CASH AND BANK BALANCES			
At banks			
Local currency			
Current account - Conventional banking		70,855	106,633
Deposit account - Conventional banking	19.2	731,919	1,369,642
Deposit account - Islamic banking	19.3	68,089	20,691
		870,863	1,496,966
Foreign currency			
Deposit account		507	1,965
Cash in transit		1,169,574	1,908,152
Cash in hand		2,858	2,052
		2,043,802	3,409,135

19.1 Balances with banks include Rs 465,725 thousand (2015: Rs 738,350 thousand) in respect of security deposits received.

19.2 Balances with conventional banks carry mark-up ranging from 3.75 % to 6% (2015: 2.5% to 7.25%) per annum.

19.3 Balances with Islamic banks carry profit ranging from 2.25% to 5.70% (2015: 4% to 7%) per annum.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
For the period ended June 30, 2016

	For the quarter ended		For the period ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(Rupees'000)		(Rupees'000)	
20. SALES				
Fertilizers	16,675,916	18,777,622	28,321,912	39,186,304
Power	962,540	1,120,620	1,278,311	1,385,987
Food	7,860	-	10,000	-
	<u>17,646,316</u>	<u>19,898,242</u>	<u>29,610,223</u>	<u>40,572,291</u>
21. COST OF SALES				
Raw materials consumed	6,238,489	5,899,125	13,580,830	12,179,211
Fuel and power	2,303,315	1,904,676	4,457,771	3,817,768
Chemicals and supplies	91,691	110,962	178,078	178,866
Salaries, wages and benefits	1,595,195	1,572,329	3,137,927	2,872,881
Training and employees welfare	183,398	199,137	370,859	371,435
Rent, rates and taxes	3,410	4,717	7,699	10,511
Insurance	67,154	22,815	133,568	84,300
Travel and conveyance	113,807	135,207	183,239	215,894
Repairs and maintenance	415,214	886,876	1,035,408	1,286,894
Depreciation and amortization	712,899	616,147	1,414,324	1,250,258
Communication and other expenses	475,795	450,044	810,486	807,030
Provision for slow moving spares	8,301	31,656	8,301	31,656
Opening stock - work in process	100,800	91,241	106,097	64,860
Closing stock - work in process	(74,396)	(88,673)	(74,396)	(88,673)
Cost of goods manufactured	<u>12,235,072</u>	<u>11,836,259</u>	<u>25,350,191</u>	<u>23,082,891</u>
Opening stock - manufactured	7,208,831	452,553	2,200,017	584,930
Closing stock - manufactured	(8,431,375)	(109,547)	(8,431,375)	(109,547)
	<u>(1,222,544)</u>	<u>343,006</u>	<u>(6,231,358)</u>	<u>475,383</u>
Cost of sales - manufactured fertilizers	<u>11,012,528</u>	<u>12,179,265</u>	<u>19,118,833</u>	<u>23,558,274</u>
Opening stock - purchased fertilizers	1,898,861	292,198	2,756,037	21,504
Purchase of fertilizers for resale	1,008,596	808,420	1,008,596	1,994,961
	<u>2,907,457</u>	<u>1,100,618</u>	<u>3,764,633</u>	<u>2,016,465</u>
Closing stock - purchased fertilizers	(2,158,006)	(687,177)	(2,158,006)	(687,177)
Cost of sale - purchased fertilizers	<u>749,451</u>	<u>413,441</u>	<u>1,606,627</u>	<u>1,329,288</u>
	<u>11,761,979</u>	<u>12,592,706</u>	<u>20,725,460</u>	<u>24,887,562</u>
22. FINANCE COST				
Mark-up on long term borrowings				
Conventional banking	557,454	424,952	1,068,846	799,016
Islamic banking	73,239	25,207	143,423	41,429
	<u>630,693</u>	<u>450,159</u>	<u>1,212,269</u>	<u>840,445</u>
Mark-up on short term borrowings				
Conventional banking	197,594	67,843	383,026	116,067
Islamic banking	21,393	15,154	42,966	43,470
	<u>218,987</u>	<u>82,997</u>	<u>425,992</u>	<u>159,537</u>
Exchange loss	1,696	8,976	6,946	27,540
Bank and other charges	17,442	22,119	29,534	35,073
	<u>868,818</u>	<u>564,251</u>	<u>1,674,741</u>	<u>1,062,595</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the period ended June 30, 2016

	For the quarter ended		For the period ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	Rupees '000)		(Rupees '000)	
23. OTHER EXPENSES				
Research and development	133,252	102,874	256,213	229,756
Workers' Profit Participation Fund	224,954	246,207	404,393	688,783
Workers' Welfare Fund	83,124	94,385	153,670	265,060
	<u>441,330</u>	<u>443,466</u>	<u>814,276</u>	<u>1,183,599</u>
24. OTHER INCOME				
Income from sales under Government subsidy	1,234,766	-	1,379,556	-
Income from financial assets				
Income on loans, deposits and investments				
Placements with conventional banks	270,416	399,404	587,490	1,028,229
Placements with Islamic banks	147	42,858	147	138,429
Gain on re-measurement of investments placed with conventional banks	14,014	5,631	26,939	3,205
Exchange gain on foreign currency	1,014	7,393	581	26,319
Income from non-financial assets				
(Loss) / gain on disposal of property, plant and equipment	(1,516)	(8,919)	7,910	(3,208)
Commission on sale of FFBL products	4,314	4,714	6,433	6,729
Other income				
Scrap sales	2,233	18,168	3,595	21,832
Others	57,011	39,584	63,222	59,706
	<u>1,582,399</u>	<u>508,833</u>	<u>2,075,873</u>	<u>1,281,241</u>
25. EARNINGS PER SHARE				
Net profit after tax (Rupees '000)	2,795,381	4,206,584	3,564,796	8,760,815
Weighted average number of shares in issue during the period - (Number '000)	1,272,238	1,272,238	1,272,238	1,272,238
Basic and diluted earnings per share (Rupees)	2.20	3.31	2.80	6.89

26. SEGMENT INFORMATION

The detail of utilization of the Company assets by the segments as well as related liabilities is as follows;

	Reportable segments			Total
	Fertilizers	Power	Food	
	(Rupees '000)			
June 30, 2016 (Un-audited)				
Assets				
Segment assets (Total)	59,124,633	12,535,827	3,619,353	75,279,813
Equity accounted investees	37,612,578	-	-	37,612,578
Liabilities				
Segment liabilities (Total)	56,513,623	7,631,856	2,338,933	66,484,412
Capital expenditure	1,203,151	2,373	89,120	1,294,644
Depreciation	1,026,800	305,437	127,873	1,460,110
December 31, 2015 (Audited)				
Assets				
Segment assets (Total)	58,734,934	12,348,200	3,824,093	74,907,227
Equity accounted investees	38,773,066	-	-	38,773,066
Liabilities				
Segment liabilities (Total)	53,524,930	8,116,335	2,606,249	64,247,514
Capital expenditure	3,272,345	3,221	1,453,721	4,729,287
Depreciation	1,970,073	610,669	10,420	2,591,162

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the period ended June 30, 2016

	June 30, 2016	June 30, 2015
	(Rupees '000)	
27. CASH GENERATED FROM OPERATIONS		
Net profit before taxation	6,207,989	13,321,271
Adjustments for:		
Depreciation and amortization	1,462,640	1,332,969
Provision for slow moving spares	8,301	31,656
Finance cost	1,674,741	1,041,572
Income on loans, deposits and investments	(587,637)	(1,163,587)
Share of profit of associate and joint venture	(948,168)	(1,882,327)
(Gain) / loss on sale of property, plant and equipment	(7,910)	3,208
Exchange gain - net	(581)	(26,319)
Gain on remeasurement of investments at fair value through profit or loss	(26,939)	(3,205)
Government subsidy on sale of fertilizer	(1,379,556)	-
	194,891	(666,033)
	6,402,880	12,655,238
Changes in working capital		
Decrease / (increase) in current assets:		
Stores and spares	131,957	69,741
Stock in trade	(5,640,364)	(142,844)
Trade debts	(2,255,550)	(1,104,008)
Loans and advances	(73,315)	(71,569)
Deposits and prepayments	(152,065)	(665,003)
Other receivables	(88,603)	(92,939)
Increase / (decrease) in current liabilities:		
Trade and other payables	2,795,761	(24,728,705)
	(5,282,179)	(26,735,327)
Changes in long term loans and advances	(122,269)	442,857
Changes in long term deposits and prepayments	(3,058)	1,154
Changes in deferred liabilities	-	178,297
Change in liability under finance lease	1,283	1,283
	996,657	(13,456,498)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the period ended June 30, 2016

28. FINANCIAL INSTRUMENTS

Fair value of Financial Instruments

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Group is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: 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 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

28.1 Financial instruments by category

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the period ended June 30, 2016

	Carrying Amount			Fair Value					
	Loans and receivables	Available for sale investments	Fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees '000)									
June 30, 2016 (Un-audited)									
Financial assets not measured at fair value									
Non - current assets									
Long term investments	-	7,979,607	-	-	7,979,607	-	7,979,607	-	7,979,607
Long term loans and advances	936,567	-	-	-	936,567	-	-	-	-
Long term deposits	27,048	-	-	-	27,048	-	-	-	-
Current assets									
Trade debts - net of provision	4,454,126	-	-	-	4,454,126	-	-	-	-
Loans and advances	433,638	-	-	-	433,638	-	-	-	-
Deposits	962	-	-	-	962	-	-	-	-
Other receivables	2,665,777	-	-	-	2,665,777	-	-	-	-
Short term investments	4,280,326	509,253	198,514	-	4,988,093	198,514	4,789,579	-	4,988,093
Cash and bank balances	2,043,802	-	-	-	2,043,802	-	-	-	-
	14,842,246	8,488,860	198,514	-	23,529,620	198,514	12,769,186	-	12,967,700
Financial liabilities not measured at fair value									
Non - current liabilities									
Long term borrowings	-	-	-	25,047,291	25,047,291	-	-	-	-
Current liabilities									
Trade and other payables	-	-	-	8,709,384	8,709,384	-	-	-	-
Interest and mark-up accrued	-	-	-	444,409	444,409	-	-	-	-
Short term borrowings	-	-	-	16,538,512	16,538,512	-	-	-	-
Current portion of long term borrowings	-	-	-	7,244,515	7,244,515	-	-	-	-
	-	-	-	57,984,111	57,984,111	-	-	-	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the period ended June 30, 2016

	Carrying Amount			Fair Value					
	Loans and receivables	Available for sale investments	Fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees '000)									
December 31, 2015 (Audited)									
Financial assets not measured at fair value									
Non - current assets									
Long term investments	-	7,928,960	-	-	7,928,960	99,917	7,829,043	-	7,928,960
Long term loans and advances	814,298	-	-	-	814,298	-	-	-	-
Long term deposits	24,468	-	-	-	24,468	-	-	-	-
Current assets									
Trade debts - net of provision	2,198,576	-	-	-	2,198,576	-	-	-	-
Loans and advances	346,624	-	-	-	346,624	-	-	-	-
Deposits	1,292	-	-	-	1,292	-	-	-	-
Other receivables	2,656,023	-	-	-	2,656,023	-	-	-	-
Short term investments	10,488,192	516,125	183,403	-	11,187,720	183,403	11,004,317	-	11,187,720
Cash and bank balances	3,409,135	-	-	-	3,409,135	-	-	-	-
	19,938,608	8,445,085	183,403	-	28,567,096	283,320	18,833,360	-	19,116,680
Financial liabilities not measured at fair value									
Non - current liabilities									
Long term borrowings	-	-	-	24,746,264	24,746,264	-	-	-	-
Current liabilities									
Trade and other payables	-	-	-	6,169,515	6,169,515	-	-	-	-
Interest and mark-up accrued	-	-	-	408,068	408,068	-	-	-	-
Short term borrowings	-	-	-	18,020,602	18,020,602	-	-	-	-
Current portion of long term borrowings	-	-	-	5,801,752	5,801,752	-	-	-	-
	-	-	-	55,146,201	55,146,201	-	-	-	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the period ended June 30, 2016

	June 30, 2016	June 30, 2015
	(Rupees '000)	
29. TRANSACTIONS AND BALANCES WITH RELATED PARTIES		
Significant transactions and balances with the related parties are as follows:		
Transactions with associated undertakings / companies		
due to common directorship		
Dividends paid	2,973,532	4,197,928
Purchase of gas as feed and fuel stock	20,940,092	15,274,508
Expenses charged on account of marketing of fertilizer	410,623	319,963
Commission on sale of products	6,433	6,729
Dividend income	2,264,743	1,685,775
Payment under consignment account	10,155,995	17,710,356
Short term investment	771,960	789,000 *
Long term investment	105,241	114,758 *
Short term borrowing	925,201	989,970 *
Long term borrowing	708,005	742,925 *
Bank balance	231,316	538,541 *
Running finance	82,922	- *
Balance receivable	60,567	597,189 *
Balance payable	4,046,227	3,329,533 *
Other related parties		
Remuneration of Chief Executive and Executives:		
Remuneration including benefits and perquisites of Chief Executives and Executives, No. of persons 2016: 1 and 894 (2015: 1 and 764).	2,828,886	2,625,269
Payments to:		
Employees' Provident Fund Trust	193,780	179,315
Employees' Gratuity Fund Trust	278,084	74,893
Employees' Pension Fund Trust	97,701	459,371
Employee Funds as Dividend	18,215	52,952
Others:		
Balance receivable from Gratuity Fund Trust	72,197	(133,690) *
Balance receivable from Pension Fund Trust	316,987	268,136 *

*Comparative figures of receivable / payable balances are as of December 31, 2015.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)

For the period ended June 30, 2016

30. POST BALANCE SHEET EVENT

The Board of Directors of FFC in its meeting held on July 27, 2016 proposed second interim dividend of Rs 1.55 per share.

31. GENERAL

31.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.


31.2 This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of FFC on July 27, 2016.



Chairman



Chief Executive



Director

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