

HALF YEAR

FINANCIAL STATEMENTS

JUNE 30, 2017

(UN-AUDITED)



FAUJI FERTILIZER COMPANY LIMITED



TABLE OF CONTENTS

01

Company Information

02

Directors' Review

03

ڈائریکٹرز کا تجزیہ

05

Condensed Interim
Financial Information

27

Condensed Interim
Consolidated Financial
Information

50

Investors' Education
"jamapunji"





Fauji Fertilizer Company Limited

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

Mr Shahid Ghaffar

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

Mr Per Kristian Bakkerud

Mr Khizar Hayat Gondal

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

Mr Naveed Kamran Baloch

Maj Gen Wasim Sadiq, HI(M) (Retd)

CHIEF FINANCIAL OFFICER

Mr Mohammad Munir Malik

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

E-mail: munir_malik@ffc.com.pk

COMPANY SECRETARY

Brig Ashfaq Ahmed, SI(M) (Retd)

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

E-mail: secretary@ffc.com.pk

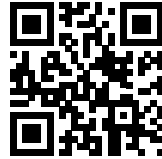
REGISTERED OFFICE

156 The Mall, Rawalpindi Cantt, Pakistan

Website: www.ffc.com.pk

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

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 Shahr-e Faisal, Karachi - 74400

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

Directors' Review

For the half year ended June 30, 2017

Dear Members,

On behalf of the Board of Directors, I am pleased to report net earnings of Rs 3.82 billion for the half year ended June 30, 2017.

The Company continued to improve its operational efficiencies with new benchmark Sona urea production of 1,281 thousand tonnes for the period, 2% higher than last year, while concerted marketing efforts resulted in aggregate Sona urea sales including exports, of 1,100 thousand tonnes 17% above last year, despite a depressed first quarter of 2017.

However, declining international urea prices besides intense competition in the local market to offload inventories, negatively impacted the selling prices of urea and in order to arrest the decline in revenues, the Company marketed 88 thousand tonnes of DAP during the period, 3 times above last year, resulting in 15% higher aggregate sales revenue (including subsidy) of Rs 34.02 billion, and with 4% improvement in gross profit to Rs 10.10 billion (including subsidy).

The increase in distribution costs relating to the inventory of imported DAP, which is planned to be marketed during the next half, besides the decrease in dividend receipts, resulted in earnings per share of Rs. 3.00 compared to Rs. 3.85 during 2016.

In line with the Company's commitment to provide a consistent stream of income to the shareholders, the Board is pleased to announce second interim dividend of 10% (Rs 1.00 per share), with aggregate distribution of 25% (Rs 2.50) per share for the period.

The recent decrease in urea subsidy by the Government, besides declining international urea prices, continue to pose challenges towards Company profitability. The Board remains focused on exploring avenues to maintain Company revenues / profitability through export opportunities, product mix, besides stringent cost controls implemented by the Management, to continue providing regular returns to the shareholders.

On behalf of the Board,



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

Rawalpindi
July 31, 2017

ڈائریکٹرز کا مجزیہ

بورڈ آف ڈائریکٹرز کی جانب سے مجھے یہ اعلان کرتے ہوئے خوشی محسوس ہو رہی ہے کہ کمپنی نے 30 جون 2017 کے نصف سال کے اختتام پر 3.82 ارب روپے کا خالص منافع کمایا ہے۔

کمپنی نے اپنی پیداواری صلاحیتوں میں بہتری کے تسلسل کو برقرار رکھتے ہوئے 1,281 ہزار ٹن سونا یوریا پیداوار کا نیا معیار قائم کیا جو کہ پچھلے سال سے 2 فیصد زیادہ ہے۔ جبکہ 2017 کی پہلی سہ ماہی کے زیرِ دباؤ نتائج کے باوجود مشترکہ مارکیٹنگ کاوشوں کے نتیجے میں مجموعی سونا یوریا کھاد کی فروخت بشمول برآمدات 1,100 ہزار ٹن رہی جو کہ پچھلے سال سے 17 فیصد زیادہ ہے۔

تاہم یوریا کی گرتی ہوئی بین الاقوامی قیمتیں اور مقامی منڈی میں کھاد کی فروخت میں شدید مسابقت سے یوریا کی مقامی قیمت فروخت پر منفی اثرات پڑے۔ کمپنی کی آمدن میں کمی کو روکنے کیلئے اسی مدت کے دوران 88 ہزار ٹن DAP بھی فروخت کی گئی جو کہ پچھلے سال سے 3 گنا زیادہ ہے۔ جس کے نتیجے میں مجموعی آمدن (بشمول سبسڈی) 15 فیصد کے اضافے کے ساتھ 34.02 ارب روپے رہی جس سے خام منافع 4 فیصد کے اضافے کے ساتھ 10.10 ارب روپے (بشمول سبسڈی) رہا۔

DAP کی اضافی درآمدات، جسکی فروخت سال کے بقیہ حصے میں متوقع ہے، کی وجہ سے نقل و حمل کے اخراجات میں اضافہ واقع ہوا جو کہ منافع منقسمہ (Dividend) کی وصولی میں کمی کے ساتھ مل کر خالص آمدن 3.00 روپے فی شیئر کا سبب بنی جو کہ پچھلے سال کی اسی مدت کے دوران 3.85 روپے رہی۔

کمپنی کے عزم کے مطابق حصص یافتگان کی آمدن کو برقرار رکھنے کے پیش نظر بورڈ دوسرے عبوری منافع منقسمہ (Dividend) 10 فیصد (فی حصص 1.00 روپے) کا اعلان کرتا ہے۔ جس سے اسی مدت کی مجموعی ادائیگی 25 فیصد (فی حصص 2.50 روپے) رہی۔

گورنمنٹ کی جانب سے یوریا سبسڈی میں کمی کے ساتھ ساتھ یوریا کی کم ہوتی بین الاقوامی قیمتیں کمپنی کے منافع کے لئے چیلنجز پیش کرتی رہیں گی۔ کمپنی کی آمدن / منافع کو برقرار رکھنے کے لئے بورڈ کی توجہ برآمدی مواقع، مصنوعات مرکب کی تشکیل علاوہ مینجمنٹ کی جانب سے خرچوں پر موثر کنٹرول پر مرکوز ہے تاکہ حصص یافتگان کو مستقل آمدن مہیا کی جاسکے۔

بورڈ کی جانب سے



چیرمین

لیفٹیننٹ جنرل خالد نواز خان

راولپنڈی

31 جولائی 2017

ہلال امتیاز (ملٹری)، ستارہ ایثار (ریٹائرڈ)

Auditor's Report to the Members

On Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Fauji Fertilizer Company Limited ("the Company") as at 30 June 2017 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 2017 and 30 June 2016, 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.



KPMG Taseer Hadi & Co.

Chartered Accountants

Atif Zamurrad Malik

Islamabad
July 31, 2017



Condensed
Interim Financial Information



CONDENSED INTERIM BALANCE SHEET

As at June 30, 2017

	Note	Un-audited June 30, 2017	Audited December 31, 2016
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY			
Share capital	4	12,722,382	12,722,382
Capital reserves		160,000	160,000
Revenue reserves	5	13,252,077	14,841,963
Surplus on remeasurement of investments available for sale to fair value - net		407,074	486,950
		26,541,533	28,211,295
NON - CURRENT LIABILITIES			
Long term borrowings	6	17,274,892	16,653,294
Deferred liabilities		4,653,669	4,811,884
		21,928,561	21,465,178
CURRENT LIABILITIES			
Trade and other payables	7	22,552,001	10,911,897
Mark-up and profit accrued	8	394,413	321,091
Short term borrowings	9	28,365,700	22,176,525
Current portion of long term borrowings		7,006,804	6,434,304
Taxation		1,068,174	1,248,814
		59,387,092	41,092,631
TOTAL EQUITY AND LIABILITIES		107,857,186	90,769,104
CONTINGENCIES AND COMMITMENTS	10		

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

	Note	Un-audited June 30, 2017	Audited December 31, 2016
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	11	21,472,477	21,232,732
Intangible assets		1,581,355	1,585,211
Long term investments	12	29,564,027	29,656,283
Long term loans and advances	13	942,032	934,150
Long term deposits and prepayments	14	14,312	13,975
		53,574,203	53,422,351
CURRENT ASSETS			
Stores, spares and loose tools		3,699,671	3,428,235
Stock in trade	15	15,298,258	4,237,327
Trade debts		8,246,899	4,305,951
Loans and advances	16	1,859,260	903,440
Deposits and prepayments	17	173,200	50,241
Other receivables	18	12,959,281	7,751,842
Short term investments	19	8,532,605	14,143,829
Cash and bank balances	20	3,513,809	2,525,888
		54,282,983	37,346,753
TOTAL ASSETS		107,857,186	90,769,104


Chairman

Chief Executive

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the period ended June 30, 2017

	Note	For the quarter ended		For the period ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
		(Rupees '000)		(Rupees '000)	
Sales	21	18,970,955	16,675,916	30,161,304	28,321,912
Cost of sales	22	15,333,988	11,400,921	23,922,987	19,994,620
GROSS PROFIT		3,636,967	5,274,995	6,238,317	8,327,292
Distribution cost		2,394,821	1,586,803	4,070,466	3,104,200
		1,242,146	3,688,192	2,167,851	5,223,092
Finance cost	23	666,062	617,121	1,201,933	1,178,376
Other expenses	24	360,721	441,330	669,576	814,276
		215,363	2,629,741	296,342	3,230,440
Other income	25	2,787,632	1,561,269	5,566,784	4,299,364
NET PROFIT BEFORE TAXATION		3,002,995	4,191,010	5,863,126	7,529,804
Provision for taxation		1,378,000	2,026,000	2,046,000	2,637,000
NET PROFIT AFTER TAXATION		1,624,995	2,165,010	3,817,126	4,892,804
Earnings per share - basic and diluted (Rupees)	26	1.28	1.71	3.00	3.85

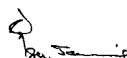
The annexed notes 1 to 31 form an integral part of this condensed interim financial information.



Chairman



Chief Executive



Director

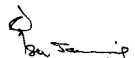
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the period ended June 30, 2017

	For the quarter ended		For the period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees '000)		(Rupees '000)	
Net profit after taxation	1,624,995	2,165,010	3,817,126	4,892,804
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
(Deficit) / surplus on re-measurement of investments available for sale to fair value - net of tax	(49,282)	(18,323)	(79,876)	95,798
Total comprehensive income for the period	1,575,713	2,146,687	3,737,250	4,988,602

The annexed notes 1 to 31 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, 2017

	Note	June 30, 2017	June 30, 2016
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	27	(5,369,178)	270,156
Finance cost paid		(1,160,137)	(1,026,013)
Income tax paid		(2,384,855)	(3,463,898)
Subsidy received on sale of fertilizer		2,256,424	1,434,183
Net cash used in operating activities		(6,657,746)	(2,785,572)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,336,571)	(1,203,151)
Proceeds from sale of property, plant and equipment		10,679	15,174
Interest and profit received		120,818	592,786
Decrease in other investments - net		573,232	990,446
Dividends received		1,048,598	2,264,743
Net cash generated from investing activities		416,756	2,659,998
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing:			
Draw-downs		4,000,000	4,050,000
Repayments		(2,805,902)	(1,690,188)
Dividends paid		(5,290,463)	(6,874,573)
Net cash used in financing activities		(4,096,365)	(4,514,761)
Net decrease in cash and cash equivalents		(10,337,355)	(4,640,335)
Cash and cash equivalents at beginning of the period		(6,041,304)	(5,864,224)
Effect of exchange rate changes		31,526	(6,946)
Cash and cash equivalents at end of the period		(16,347,133)	(10,511,505)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	3,513,809	1,810,874
Short term highly liquid investments		8,504,758	4,216,133
Short term borrowings	9	(28,365,700)	(16,538,512)
		(16,347,133)	(10,511,505)

The annexed notes 1 to 31 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, 2017

			Revenue reserves		Surplus on remeasurement of investments available for sale to fair value	
	Share capital	Capital reserves	General reserve	Unappropriated profit		Total
	(Rupees '000)					
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
	-	-	-	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
Balance as at January 1, 2017	12,722,382	160,000	6,802,360	8,039,603	486,950	28,211,295
Total comprehensive income for the period						
Profit after taxation	-	-	-	3,817,126	-	3,817,126
Other comprehensive income - net of tax	-	-	-	-	(79,876)	(79,876)
	-	-	-	3,817,126	(79,876)	3,737,250
Distribution to owners - recorded directly in equity						
Final dividend 2016: Rs 2.75 per share	-	-	-	(3,498,655)	-	(3,498,655)
First interim dividend 2017: Rs 1.50 per share	-	-	-	(1,908,357)	-	(1,908,357)
	-	-	-	(5,407,012)	-	(5,407,012)
Other changes in equity						
Transfer to general reserve	-	-	2,000,000	(2,000,000)	-	-
Balance as at June 30, 2017	12,722,382	160,000	8,802,360	4,449,717	407,074	26,541,533

The annexed notes 1 to 31 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, 2017

1. Fauji Fertilizer Company Limited (the Company) is a public company incorporated in Pakistan under the Companies Act, 1913, (now the Companies Act, 2017) 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, 2017 has been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed 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, 2016. Comparative condensed interim balance sheet is extracted from annual financial statements as of December 31, 2016 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 un-audited condensed interim financial information of the Company for the period ended June 30, 2016.

This condensed interim financial information is un-audited and is being submitted to the members as required under Section 245 of the repealed 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, 2016, except for the following:

The Companies Act, 2017 was enacted on May 30, 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year, including interim period, closes on or before June 30, 2017 shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

4. SHARE CAPITAL

AUTHORISED SHARE CAPITAL

This represents 1,500,000,000 (2016: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2016: Rs 15,000,000 thousand).

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited June 30, 2017	Audited December 31, 2016		Un-audited June 30, 2017	Audited December 31, 2016
(Number 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
1,272,238,247	1,272,238,247		12,722,382	12,722,382

- 4.1 Fauji Foundation held 44.35% (Dec 2016: 44.35%) ordinary shares of the Company at the period end.

Un-audited June 30, 2017	Audited December 31, 2016
(Rupees '000)	

5. REVENUE RESERVES

General reserve	8,802,360	6,802,360
Unappropriated profit	4,449,717	8,039,603
	13,252,077	14,841,963

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2017

	Note	Un-audited June 30, 2017	Audited December 31, 2016
(Rupees '000)			
6. LONG TERM BORROWINGS			
Loans from banking companies (secured)			
From conventional banks	6.1	21,215,624	19,448,312
From Islamic banks	6.2	3,066,072	3,639,286
		24,281,696	23,087,598
Less: Current portion shown under current liabilities			
From conventional banks		5,860,375	5,287,875
From Islamic banks		1,146,429	1,146,429
		7,006,804	6,434,304
		17,274,892	16,653,294
6.1 Movement during the period / year is as follows:			
Opening balance		19,448,312	16,252,438
Draw-downs during the period / year		4,000,000	7,350,000
Repayments during the period / year		(2,232,688)	(4,154,126)
Closing balance	6.1.1	21,215,624	19,448,312

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 0.50% per annum and 3 month KIBOR + 0.20% to 0.40% per annum (2016: 6 month KIBOR + 0.10 % to 0.65% and 3 month KIBOR + 0.40% per annum) and are repayable up to June 2022 (2016: September 2021).

	Note	Un-audited June 30, 2017	Audited December 31, 2016
(Rupees '000)			
6.2 Movement during the period / year is as follows:			
Opening balance		3,639,286	4,150,000
Draw-downs during the period / year		-	-
Repayments during the period / year		(573,214)	(510,714)
Closing balance	6.2.1	3,066,072	3,639,286

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 nil margin.

These carry profit rates ranging between 6 month KIBOR + 0.05% to 0.50% per annum (2016: 6 month KIBOR + 0.05% to 0.50% per annum) and are repayable up to December 2020 (2016: December 2020).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2017

	Note	Un-audited June 30, 2017	Audited December 31, 2016
(Rupees '000)			
7. TRADE AND OTHER PAYABLES			
Creditors	7.1	14,190,844	4,630,804
Accrued liabilities		3,489,674	3,270,824
Consignment account with Fauji Fertilizer Bin Qasim Limited - unsecured		546,522	678,110
Sales tax payable		-	-
Deposits		151,928	151,049
Retention money		152,073	165,976
Advances from customers		1,833,546	334,964
Workers' Welfare Fund		1,220,754	1,114,399
Workers' Profit Participation Fund		205,989	-
Unclaimed dividend		524,067	407,518
Other liabilities		236,604	158,253
		22,552,001	10,911,897

- 7.1 Creditors include Rs 13,592,200 thousand (2016: Rs 4,052,725 thousand) on account of Gas Infrastructure Development Cess (GIDC).

	Note	Un-audited June 30, 2017	Audited December 31, 2016
(Rupees '000)			
8. MARK-UP AND PROFIT ACCRUED			
On borrowings from conventional banks		347,342	281,481
On borrowings from Islamic banks		47,071	39,610
		394,413	321,091
9. SHORT TERM BORROWINGS			
Short term borrowings - secured			
From conventional banks	9.1	26,225,737	19,369,365
From Islamic banks	9.2	2,139,963	2,807,160
		28,365,700	22,176,525

- 9.1 Short term borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs 28.95 billion (2016: Rs 25.48 billion) which represent the aggregate all facility agreements between the Company and respective banks. The facilities have various maturity dates upto June 30, 2018.

The facilities are secured by pari passu / ranking hypothecation charges on assets of the Company besides lien over US \$ / Pak Rupees Term Deposits / PIBs in certain cases. The per annum rates of mark-up range between 1 month KIBOR + nil to 0.35% and 3 month KIBOR + 0.03% to 0.50% (2016: 1 month KIBOR + 0.03% to 0.35% and 3 month KIBOR + nil to 0.50%).

- 9.2 Shariah compliant short term borrowings are available from various banking companies under profit arrangements against facilities amounting to Rs 3.0 billion (2016: Rs 2.85 billion) which represent the aggregate of all facility agreements between the Company and respective banks. The facilities have various maturity dates upto December 31, 2017.

The facilities are secured by ranking hypothecation charges on assets of the Company. The per annum rates of profit range between 3 month KIBOR + 0.02% to 3 month KIBOR + 0.14% (2016: 3 month KIBOR + nil to 3 month KIBOR + 0.14%).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2017

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

There is no change in the contingent liabilities as reported in the financial statements for the year ended December 31, 2016.

	Un-audited June 30, 2017	Audited December 31, 2016
	(Rupees '000)	
(b) Commitments in respect of:		
(i) Capital expenditure	2,706,281	1,506,491
(ii) Purchase of fertilizer, stores, spares and other operational items	1,550,326	2,442,596
(ii) Investment in Fauji Fresh n Freeze Limited	1,000,000	1,000,000
(iv) Rentals under lease agreements:		
Premises	367,284	405,355
Vehicles	95,445	75,010
(v) The Company has received an offer from The Hub Power Company Limited (HUBCO) to join as a shareholder with equity investment of 30% of the share capital in Thar Energy Limited (TEL). The Board has authorized the Company to proceed with negotiations towards the execution of a definitive Shareholders' Agreement providing for the terms of FFC's equity investment.		
The proposed equity investment will be subject to an agreement on the terms and conditions of investment and obtaining of all necessary corporate and regulatory approvals by the companies involved, i.e. FFC, TEL and HUBCO.		

	Note	Un-audited June 30, 2017	Audited December 31, 2016
		(Rupees '000)	
11. PROPERTY, PLANT AND EQUIPMENT			
Opening written down value		21,232,732	21,381,702
Additions during the period / year	11.1	1,335,193	1,985,368
Written down value of disposals		(14,055)	(7,571)
Depreciation during the period / year	11.1 & 11.2	(1,081,393)	(2,126,767)
		<u>21,472,477</u>	<u>21,232,732</u>

11.1 Additions in and depreciation on property, plant and equipment during the period ended June 30, 2016 were Rs 1,203,151 thousand and Rs 1,026,800 thousand respectively.

	Note	Un-audited June 30, 2017	Audited December 31, 2016
		(Rupees '000)	
11.2 Depreciation charge has been allocated as follows:			
Cost of sales		1,036,429	2,035,462
Distribution cost		35,945	72,805
Other expenses		884	1,511
Charged to FFBL under the Company Services Agreement		8,135	16,989
	11	<u>1,081,393</u>	<u>2,126,767</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2017

	Note	Un-audited June 30, 2017	Audited December 31, 2016
		(Rupees '000)	
12. LONG TERM INVESTMENTS			
Investment in subsidiary companies - at cost			
FFC Energy Limited		2,438,250	2,438,250
Fauji Fresh n Freeze Limited		2,635,500	2,635,500
Investment in associated companies (Quoted) - 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 (Unquoted) - at cost			
Pakistan Maroc Phosphore S.A., Morocco		705,925	705,925
Investments available for sale			
Term Deposit Receipts - from conventional banks		114,939	96,138
Pakistan Investment Bonds		7,583,445	7,701,536
		7,698,384	7,797,674
		30,098,899	30,198,189
Less: Current portion shown under short term investments			
Investments available for sale			
Term Deposit Receipts - from conventional banks		33,815	27,515
Pakistan Investment Bonds		501,057	514,391
	18	534,872	541,906
		29,564,027	29,656,283
13. LONG TERM LOANS AND ADVANCES			
Loans and advances - considered good;			
Interest bearing		732,578	709,994
Non-interest bearing		566,062	559,740
		1,298,640	1,269,734
Less: Amount due within twelve months, shown under current loans and advances			
Interest bearing		141,511	134,246
Non-interest bearing		215,097	201,338
	16	356,608	335,584
		942,032	934,150
14. LONG TERM DEPOSITS AND PREPAYMENTS			
Non-interest bearing deposits		12,378	12,378
Prepayments		1,934	1,597
		14,312	13,975

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2017

	Note	Un-audited June 30, 2017	Audited December 31, 2016
(Rupees '000)			
15. STOCK IN TRADE			
Raw materials		83,755	91,878
Work in process		81,067	96,785
Finished goods			
Manufactured urea		6,866,857	3,675,771
Purchased fertilizer		6,336,196	372,893
		13,203,053	4,048,664
Stock in transit		1,930,383	-
		15,298,258	4,237,327
16. LOANS AND ADVANCES			
Current portion of long term loans and advances	13	356,608	335,584
Loans and advances to employees - unsecured			
- considered good, non-interest bearing		155,322	42,635
Advances to subsidiary companies - interest bearing			
FFC Energy Limited (FFCEL)	16.1	291,857	336,386
Fauji Fresh n Freeze Limited (FFF)	16.2	752,000	-
Advances to suppliers - considered good		303,473	188,835
		1,859,260	903,440
16.1	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.		
16.2	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, 2017	Audited December 31, 2016
(Rupees '000)			
17. DEPOSITS AND PREPAYMENTS			
Non-interest bearing deposits		12,968	944
Prepayments		160,232	49,297
		173,200	50,241

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2017

	Note	Un-audited June 30, 2017	Audited December 31, 2016
		(Rupees '000)	
18. OTHER RECEIVABLES			
Accrued income on investments, bank deposits and advances			
From conventional banks		373,126	393,612
From Islamic banks		-	508
From subsidiaries - conventional		115,712	93,761
Sales tax receivable		4,866,202	1,092,335
Sales tax receivable related to Pak Saudi Fertilizers Limited		42,486	42,486
Advance tax		322,368	322,368
Dividend receivable		-	50,911
Receivable from Workers' Profit Participation Fund - unsecured		-	108,194
Receivable from subsidiary companies			
Fauji Fresh n Freeze Limited - unsecured		-	2,628
FFC Energy Limited - unsecured		24,028	20,798
Receivable from Fauji Fertilizer Bin Qasim Limited - unsecured		40,338	39,203
Due from Gratuity Fund		139,457	80,450
Due from Pension Fund		331,419	286,778
Subsidy receivable from Government of Pakistan		6,676,677	5,072,534
Other receivables			
Considered good		27,468	145,276
Considered doubtful		2,232	2,232
Provision for doubtful receivables		(2,232)	(2,232)
		27,468	145,276
		12,959,281	7,751,842
19. SHORT TERM INVESTMENTS			
Loans and receivables - Conventional investments			
Term deposits with banks and financial institutions			
Local currency		5,300,000	11,050,942
Foreign currency		1,437,394	1,420,224
Investments at fair value through profit or loss			
Conventional investments		1,015,612	702,344
Shariah compliant investments		244,727	428,413
Current maturity of long term investments			
Investments available for sale	12	534,872	541,906
		8,532,605	14,143,829

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2017

	Note	Un-audited June 30, 2017	Audited December 31, 2016
		(Rupees '000)	
20. CASH AND BANK BALANCES			
At banks			
Local Currency			
Current Account - Conventional banking		128,773	125,718
Current Account - Islamic banking		176,240	-
Deposit Account - Conventional banking	20.2	299,867	217,747
Deposit Account - Islamic banking	20.3	3,737	28,816
		608,617	372,281
Foreign Currency			
Deposit Account - Conventional banking		295	1,198
Cash in transit	20.4	2,902,166	2,150,877
Cash in hand		2,731	1,532
		3,513,809	2,525,888

- 20.1** Balances with banks include Rs 127,086 thousand (2016: Rs 110,147 thousand) in respect of security deposits received.
- 20.2** Balances with conventional banks carry mark-up ranging from 3.50% to 5.85% (2016: 3.50% to 5.25%) per annum.
- 20.3** Balances with Islamic banks carry profit ranging from 1.65% to 4.75% (2016: 1.65% to 4.00%) per annum.
- 20.4** These represent demand drafts in transit at the period / year end.

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

For the period ended June 30, 2017

	For the quarter ended		For the period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees '000)		(Rupees '000)	
21. SALES				
Manufactured urea - local	19,095,281	17,541,080	29,425,399	30,860,368
Manufactured urea - export	368,608	-	368,608	-
Purchased and packaged fertilizers	2,428,883	1,018,955	4,561,303	2,019,002
	21,892,772	18,560,035	34,355,310	32,879,370
Sales tax	(1,359,084)	(1,875,751)	(2,267,440)	(4,044,012)
Trade discounts	(1,562,733)	(8,368)	(1,926,566)	(513,446)
	(2,921,817)	(1,884,119)	(4,194,006)	(4,557,458)
	18,970,955	16,675,916	30,161,304	28,321,912
22. COST OF SALES				
Raw materials consumed	6,361,228	6,216,715	12,707,275	13,547,863
Fuel and power	2,430,015	2,290,050	4,636,125	4,430,293
Chemicals and supplies	116,420	91,691	198,315	178,078
Salaries, wages and benefits	1,710,046	1,555,525	3,287,091	3,053,645
Training and employees welfare	191,592	183,398	370,541	370,859
Rent, rates and taxes	4,017	2,949	7,989	6,090
Insurance	55,653	53,591	91,789	104,730
Travel and conveyance	87,970	110,696	175,273	177,479
Repairs and maintenance	200,731	356,885	405,978	899,234
Depreciation and amortization	516,276	497,846	1,040,732	982,712
Communication and other expenses	239,798	444,986	542,787	773,742
Provision for slow moving spares	34,029	8,301	34,029	8,301
	11,947,775	11,812,633	23,497,924	24,533,026
Opening stock - work in process	112,050	100,800	96,785	106,097
Closing stock - work in process	(81,067)	(74,396)	(81,067)	(74,396)
	30,983	26,404	15,718	31,701
Cost of goods manufactured	11,978,758	11,839,037	23,513,642	24,564,727
Opening stock - manufactured urea	8,304,039	7,161,613	3,675,771	2,172,446
Closing stock - manufactured urea	(6,866,857)	(8,349,180)	(6,866,857)	(8,349,180)
	1,437,182	(1,187,567)	(3,191,086)	(6,176,734)
Cost of sales - manufactured urea	13,415,940	10,651,470	20,322,556	18,387,993
Opening stock - purchased fertilizers	233,608	1,898,861	372,893	2,756,037
Purchase of fertilizers for resale	8,020,636	1,008,596	9,563,734	1,008,596
	8,254,244	2,907,457	9,936,627	3,764,633
Closing stock - purchased fertilizers	(6,336,196)	(2,158,006)	(6,336,196)	(2,158,006)
Cost of sales - purchased fertilizers	1,918,048	749,451	3,600,431	1,606,627
	15,333,988	11,400,921	23,922,987	19,994,620

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

For the period ended June 30, 2017

	For the quarter ended		For the period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees '000)		(Rupees '000)	
23. FINANCE COST				
Mark-up / profit on long term borrowings				
Conventional banking	301,450	325,739	611,539	604,668
Islamic banking	54,923	73,239	112,125	143,423
	356,373	398,978	723,664	748,091
Mark-up / profit on short term borrowings				
Conventional banking	248,845	191,827	387,970	371,313
Islamic banking	32,262	21,393	47,526	42,966
	281,107	213,220	435,496	414,279
Bank and other charges	5,031	3,227	11,247	9,060
Exchange loss	23,551	1,696	31,526	6,946
	666,062	617,121	1,201,933	1,178,376
24. OTHER EXPENSES				
Research and development	134,276	133,252	249,038	256,213
Workers' Profit Participation Fund	161,472	224,954	314,183	404,393
Workers' Welfare Fund	64,973	83,124	106,355	153,670
	360,721	441,330	669,576	814,276
25. OTHER INCOME				
Income from sales under Government subsidy	2,451,697	1,234,766	3,860,567	1,379,556
Income from financial assets				
Income on loans, deposits and investments in:				
Pakistan Investment Bonds	201,481	214,840	399,620	434,765
Conventional banks	55,556	36,687	121,631	113,612
Islamic banks	22	147	144	147
Gain / (loss) on re-measurement of investments in:				
Conventional mutual funds	12,100	16,939	28,117	26,939
Shariah compliant mutual funds	3,082	(2,925)	7,496	-
Dividend income	15,666	-	15,666	-
Exchange gain on foreign currency transactions	9,307	1,018	18,590	700
Income from associated companies				
Dividend from Fauji Fertilizer Bin Qasim Limited	-	-	232,946	1,420,970
Dividend from Askari Bank Limited	-	-	815,652	679,710
Dividend from Fauji Cement Company Limited	-	-	-	164,063
Income from non - financial assets				
Gain / (loss) on disposal of property, plant and equipment	1,277	(1,516)	(3,376)	7,910
Commission on sale of FFBL products	5,017	4,314	9,234	6,433
Other income				
Scrap sales	21,501	2,233	42,713	3,595
Others	10,926	54,766	17,784	60,964
	2,787,632	1,561,269	5,566,784	4,299,364
26. EARNINGS PER SHARE				
Net profit after tax	1,624,995	2,165,010	3,817,126	4,892,804
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)	1.28	1.71	3.00	3.85

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

For the period ended June 30, 2017

	June 30, 2017	June 30, 2016
	(Rupees '000)	
27. CASH GENERATED FROM OPERATIONS		
Net profit before taxation	5,863,126	7,529,804
Adjustments for:		
Depreciation	1,072,374	1,026,800
Amortization	5,234	2,530
Provision for slow moving spares	34,029	8,301
Finance cost	1,201,933	1,178,376
Income on loans, deposits and investments	(121,775)	(548,524)
Gain on re-measurement of investments at fair value through profit or loss	(35,613)	(26,939)
Dividend Income	(1,048,598)	(2,264,743)
Exchange gain	(18,590)	(700)
Loss / (gain) on disposal of property, plant and equipment	3,376	(7,910)
Government subsidy on sale of fertilizer	(3,860,567)	(1,379,556)
	(2,768,197)	(2,012,365)
	3,094,929	5,517,439
Changes in working capital:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(305,465)	131,957
Stock in trade	(11,060,931)	(5,574,484)
Trade debts	(3,940,948)	(1,477,741)
Loans and advances	(955,820)	(503,032)
Deposits and prepayments	(122,959)	(117,603)
Other receivables	(3,593,320)	(409,187)
Increase in current liabilities		
Trade and other payables	11,523,555	2,825,544
	(8,455,888)	(5,124,546)
Changes in long term loans and advances	(7,882)	(122,269)
Changes in long term deposits and prepayments	(337)	(468)
	(5,369,178)	270,156

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2017

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 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. 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 FINANCIAL INFORMATION

For the period ended June 30, 2017

	Carrying Amount			Fair Value		
	Loans and receivables	Available for sale investments	Fair value through profit or loss	Other financial assets	Total	Total
June 30, 2017 (Un-audited)						
Financial assets not measured at fair value						
Non - current assets						
Long term investments	-	7,163,512	-	-	7,163,512	7,163,512
Long term loans and advances	942,032	-	-	-	942,032	-
Long term deposits	12,378	-	-	-	12,378	-
Current assets						
Trade debts - net of provision	8,246,899	-	-	-	8,246,899	-
Loans and advances	1,555,787	-	-	-	1,555,787	-
Deposits	12,968	-	-	-	12,968	-
Other receivables	12,594,427	-	-	-	12,594,427	-
Short term investments	6,737,394	534,872	1,260,339	-	8,532,605	1,795,211
Cash and bank balances	3,513,809	-	-	-	3,513,809	-
	33,615,694	7,698,384	1,260,339	-	42,574,417	8,958,723
Financial liabilities not measured at fair value						
Non - current liabilities						
Long term borrowings	-	-	-	17,274,892	17,274,892	-
Current liabilities						
Trade and other payables	-	-	-	19,291,712	19,291,712	-
Mark-up and profit accrued	-	-	-	394,413	394,413	-
Short term borrowings	-	-	-	28,365,700	28,365,700	-
Current portion of long term borrowings	-	-	-	7,006,804	7,006,804	-
	-	-	-	72,333,521	72,333,521	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the period ended June 30, 2017

Carrying Amount					Fair Value				
Loans and receivables	Available for sale investments	Fair value through profit or loss	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees '000)									
December 31, 2016 (Audited)									
Financial assets not measured at fair value									
Non - current assets									
Long term investments	-	7,255,768	-	7,255,768	-	7,255,768	-	7,255,768	
Long term loans and advances	934,150	-	-	934,150	-	-	-	-	
Long term deposits	12,378	-	-	12,378	-	-	-	-	
Current assets									
Trade debts - net of provision	4,305,951	-	-	4,305,951	-	-	-	-	
Loans and advances	714,605	-	-	714,605	-	-	-	-	
Deposits	944	-	-	944	-	-	-	-	
Other receivables	7,227,883	-	-	7,227,883	-	-	-	-	
Short term investments	12,471,166	541,906	-	14,143,829	1,130,757	541,906	-	1,672,663	
Cash and bank balances	2,525,888	-	-	2,525,888	-	-	-	-	
	28,192,965	7,797,674	1,130,757	37,121,396	1,130,757	7,797,674	-	8,928,431	
Financial liabilities not measured at fair value									
Non - current liabilities									
Long term borrowings	-	-	16,653,294	16,653,294	-	-	-	-	
Current liabilities									
Trade and other payables	-	-	9,462,534	9,462,534	-	-	-	-	
Mark-up and profit accrued	-	-	321,091	321,091	-	-	-	-	
Short term borrowings	-	-	22,176,525	22,176,525	-	-	-	-	
Current portion of long term borrowings	-	-	6,434,304	6,434,304	-	-	-	-	
	-	-	55,047,748	55,047,748	-	-	-	-	

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

For the period ended June 30, 2017

	June 30, 2017	June 30, 2016
	(Rupees '000)	
29. TRANSACTIONS AND BALANCES WITH RELATED PARTIES		
Significant transactions and balances with the related parties are as follows:		
Subsidiary companies		
Guarantee against loan of subsidiary company	5,450,000	5,450,000
Balances receivable - unsecured *	1,183,597	1,118,361
Associated undertaking / companies due to common directorship		
Expenses charged on account of marketing of fertilizer on behalf of associated company	517,839	410,623
Commission on sale of products	9,234	6,433
Payments under consignment account	19,862,880	10,155,995
Purchase of gas as feed and fuel stock	10,883,909	20,940,092
Donations	52,631	84,619
Others	16,750	235
Dividend income	1,048,598	2,264,743
Dividend paid	2,398,010	2,973,532
Dividend receivable *	-	50,911
Short term investment *	-	300,000
Long term investments *	114,939	96,138
Short term borrowing *	-	730,698
Running finance *	154,394	50,417
Balances receivable - unsecured *	46,185	47,171
Balances payable - unsecured *	15,509,043	5,565,853
Key management personnel		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2017: 1 and 973 (2016: 1 and 894) respectively.	3,099,274	2,793,245
Contribution and balances with staff retirement funds		
Employees' Provident Fund Trust	206,958	193,780
Employees' Gratuity Fund Trust	118,014	278,084
Employees' Pension Fund Trust	89,283	97,701
Employees' Funds as Dividend on equity holding of 0.08% (2016: 0.29%)	3,892	18,215
Balance receivable from Gratuity Fund Trust *	139,457	80,450
Balance receivable from Pension Fund Trust *	331,419	286,778

* Comparative figures of receivable / payable balances are as of December 31, 2016.

30. POST BALANCE SHEET EVENT

The Board of Directors of the Company in its meeting held on July 31, 2017 has declared second interim dividend of Rs 1.00 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 financial information has been authorized for issue by the Board of Directors of the Company on July 31, 2017.



Chairman



Chief Executive



Director



Condensed

Interim Consolidated Financial Information



 **FFC ENERGY**

 **FFBL**
Fauji Fertilizer Blue Queen Limited

Askari Bank Ltd



Fauji Fresh n Freeze Ltd



Fauji Cement Company Ltd

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

As at June 30, 2017

	Note	Un-audited June 30, 2017	Audited December 31, 2016
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY			
Share capital	4	12,722,382	12,722,382
Capital reserves		1,348,020	1,396,672
Revenue reserves	5	32,061,249	33,871,490
Surplus on remeasurement of investments available for sale to fair value - net		2,351,821	2,726,211
		48,483,472	50,716,755
Share in revaluation reserve of associate - net		763,152	649,076
NON - CURRENT LIABILITIES			
Long term borrowings	6	23,774,713	24,012,599
Deferred liabilities		6,166,529	6,097,396
Liability against assets subject to finance lease		6,742	8,025
		29,947,984	30,118,020
CURRENT LIABILITIES			
Trade and other payables	7	22,975,000	11,217,362
Mark-up and profit accrued	8	424,900	351,075
Short term borrowings	9	28,671,019	22,382,525
Current portion of long term borrowings		8,732,006	7,964,843
Taxation		1,076,483	1,253,817
Current portion of land lease liability		2,566	-
		61,881,974	43,169,622
TOTAL EQUITY AND LIABILITIES		141,076,582	124,653,473
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes 1 to 32 form an integral part of this condensed interim consolidated financial information.

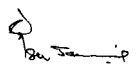
	Note	Un-audited June 30, 2017	Audited December 31, 2016
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	11	33,877,611	34,295,455
Intangible assets		1,944,682	1,948,538
Long term investments	12	47,584,541	48,063,891
Long term loans and advances	13	942,032	934,150
Long term deposits and prepayments	14	45,587	29,483
		84,394,453	85,271,517
CURRENT ASSETS			
Stores, spares and loose tools		3,715,680	3,441,103
Stock in trade	15	15,557,965	4,317,247
Trade debts		9,707,099	5,072,016
Loans and advances	16	896,853	599,610
Deposits and prepayments	17	203,028	58,116
Other receivables	18	13,315,201	7,695,987
Short term investments	19	8,532,605	15,498,649
Cash and bank balances	20	4,753,698	2,699,228
		56,682,129	39,381,956
TOTAL ASSETS		141,076,582	124,653,473



Chairman



Chief Executive



Director

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

For the period ended June 30, 2017

	Note	For the quarter ended		For the period ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
		(Rupees '000)		(Rupees '000)	
Sales	21	20,034,942	17,646,316	31,598,286	29,610,223
Cost of sales	22	15,757,584	11,761,979	24,701,380	20,725,460
GROSS PROFIT		4,277,358	5,884,337	6,896,906	8,884,763
Administrative expenses and distribution cost		2,558,489	1,647,499	4,313,219	3,211,798
		1,718,869	4,236,838	2,583,687	5,672,965
Finance cost	23	891,758	868,818	1,638,574	1,674,741
Other expenses	24	360,721	441,330	669,576	814,276
		466,390	2,926,690	275,537	3,183,948
Other income	25	2,812,223	1,582,399	4,567,919	2,075,873
Share of profit of associates and joint venture		512,096	225,080	794,708	948,168
NET PROFIT BEFORE TAXATION		3,790,709	4,734,169	5,638,164	6,207,989
Provision for taxation		1,382,731	1,938,788	2,054,591	2,643,193
NET PROFIT AFTER TAXATION		2,407,978	2,795,381	3,583,573	3,564,796
Earnings per share - basic and diluted (Rupees)	26	1.90	2.20	2.82	2.80

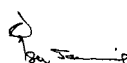
The annexed notes 1 to 32 form an integral part of this condensed interim consolidated financial information.



Chairman



Chief Executive



Director

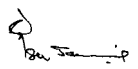
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the period ended June 30, 2017

	For the quarter ended		For the period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees'000)		(Rupees'000)	
Net profit after taxation	2,407,978	2,795,381	3,583,573	3,564,796
Other comprehensive income				
Items that may not be subsequently reclassified to profit or loss				
Equity accounted investees - share of OCI, net of tax	100,682	-	13,198	-
Items that may be subsequently reclassified to profit or loss				
(Deficit) / surplus on remeasurement of investments available for sale to fair value - net of tax	(49,282)	(18,323)	(79,876)	95,798
Share of equity accounted investees - share of OCI, net of tax	(22,567)	75,348	(343,166)	19,300
	(71,849)	57,025	(423,042)	115,098
Comprehensive income taken to equity	2,436,811	2,852,406	3,173,729	3,679,894
Comprehensive income not recognised in equity				
Items that may be subsequently reclassified to profit or loss	-	-	114,076	-
Total comprehensive income for the period	2,436,811	2,852,406	3,287,805	3,679,894

The annexed notes 1 to 32 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, 2017

	Note	June 30, 2017	June 30, 2016
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	28	(5,619,503)	996,657
Finance cost paid		(1,575,996)	(1,631,454)
Income tax paid		(2,085,585)	(3,468,288)
Subsidy received on sale of fertilizer		2,256,424	1,434,183
		(1,405,157)	(3,665,559)
Net cash used in operating activities		(7,024,660)	(2,668,902)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,386,929)	(1,294,644)
Proceeds from sale of property, plant and equipment		282,317	40,349
Decrease in investments - net		1,899,935	218,367
Interest received		592,079	640,643
Dividend received		1,048,598	2,264,743
Net cash generated from investing activities		2,436,000	1,869,458
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing:			
Draw-downs		4,000,000	4,050,000
Repayments		(3,470,723)	(2,306,210)
Dividends paid		(5,290,463)	(6,874,573)
Net cash used in financing activities		(4,761,186)	(5,130,783)
Cash and cash equivalents at beginning of the period		(6,073,964)	(4,341,404)
Effect of exchange rate changes		11,247	(6,946)
Cash and cash equivalents at end of the period		(15,412,563)	(10,278,577)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	4,753,698	2,043,802
Short term highly liquid investments		8,504,758	4,216,133
Short term borrowings	9	(28,671,019)	(16,538,512)
		(15,412,563)	(10,278,577)

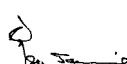
The annexed notes 1 to 32 form an integral part of this condensed interim consolidated financial information.



Chairman



Chief Executive



Director

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

For the period ended June 30, 2017

	Capital reserve				Revenue reserves		Surplus on remeasurement of available for sale investments to fair value	
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Statutory reserve	General reserve	Unappropriated profit	Total
	(Rupees '000)							
Balance as at January 1, 2016	12,722,382	40,000	120,000	264,730	428,781	6,802,360	26,823,816	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	-	-	-	115,098
Total comprehensive income for the period - net of tax	-	-	-	9,959	-	-	3,564,796	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	46,407,979
Balance as at January 1, 2017	12,722,382	40,000	120,000	251,153	985,519	6,802,360	27,069,130	50,716,755
Total comprehensive income for the period								
Profit for the period after taxation	-	-	-	-	-	-	3,583,573	3,583,573
Other comprehensive income - net of tax	-	-	-	(48,652)	-	-	13,198	(409,844)
Total comprehensive income for the period - net of tax	-	-	-	(48,652)	-	-	3,596,771	3,173,729
Distributions to owners - recorded directly in equity								
Final dividend 2016: Rs 2.75 per share	-	-	-	-	-	-	(3,498,655)	(3,498,655)
First interim dividend 2017: Rs 1.50 per share	-	-	-	-	-	-	(1,908,357)	(1,908,357)
	-	-	-	-	-	-	(5,407,012)	(5,407,012)
	-	-	-	-	-	2,000,000	(2,000,000)	-
Balance as at June 30, 2017	12,722,382	40,000	120,000	202,501	985,519	8,802,360	23,258,889	48,483,472

The annexed notes 1 to 32 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, 2017

1. Fauji Fertilizer Company Limited (the Company) is a public company incorporated in Pakistan under the Companies Act, 1913, (now the Companies Act, 2017) 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 repealed Companies Ordinance, 1984. This condensed interim consolidated financial report of the Group for the period ended June 30, 2017 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 repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed 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, 2016. Comparative condensed interim consolidated balance sheet is extracted from annual audited financial statements for the year ended December 31, 2016 where as 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, 2016.

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, 2016, except for the following:

The Companies Act, 2017 was enacted on May 30, 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year, including interim period, closes on or before June 30, 2017 shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984."

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

Un-audited June 30, 2017	Audited December 31, 2016		Un-audited June 30, 2017	Audited December 31, 2016
(Number 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
1,272,238,247	1,272,238,247		12,722,382	12,722,382

- 4.1 Fauji Foundation held 44.35% (Dec 2016: 44.35%) ordinary shares of FFC at the period end.

Un-audited June 30, 2017	Audited December 31, 2016
(Rupees '000)	

5. REVENUE RESERVES

General reserve	8,802,360	6,802,360
Unappropriated profit	23,258,889	27,069,130
	32,061,249	33,871,490

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the period ended June 30, 2017

	Note	Un-audited June 30, 2017	Audited December 31, 2016
		(Rupees '000)	
6. LONG TERM BORROWINGS			
Loans from banking companies (secured)			
From conventional banks			
Fauji Fertilizer Company Limited	6.1	21,215,624	19,448,312
FFC Energy Limited	6.2	6,581,273	6,981,494
Fauji Fresh n Freeze Limited	6.3	1,643,750	1,908,350
From Islamic banks			
Fauji Fertilizer Company Limited	6.4	3,066,072	3,639,286
		32,506,719	31,977,442
Less: Current portion shown under current liabilities			
From conventional banks		7,585,577	6,818,414
From Islamic banks		1,146,429	1,146,429
		8,732,006	7,964,843
		23,774,713	24,012,599
6.1 Movement during the period / year is as follows:			
Opening balance		19,448,312	16,252,438
Draw-downs during the period / year		4,000,000	7,350,000
Repayments during the period / year		(2,232,688)	(4,154,126)
Closing balance		21,215,624	19,448,312
6.2 Movement during the period / year is as follows:			
Long term loans from banking companies		6,683,558	7,100,152
Less: Transaction cost			
Initial transaction cost		(269,797)	(269,797)
Amortized during the period / year		167,512	151,139
Closing balance		6,581,273	6,981,494
6.3 Movement during the period / year is as follows:			
MCB Bank Limited		795,000	1,060,000
Allied Bank Limited		849,750	849,750
Less: Transaction cost		(4,000)	(4,000)
Amortized during the period / year		3,000	2,600
Closing balance		1,643,750	1,908,350
6.4 Movement during the period / year is as follows:			
Opening balance		3,639,286	4,150,000
Draw-downs during the period / year		-	-
Repayments during the period / year		(573,214)	(510,714)
Closing balance		3,066,072	3,639,286

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the period ended June 30, 2017

	Un-audited June 30, 2017	Audited December 31, 2016
	(Rupees '000)	
7. TRADE AND OTHER PAYABLES		
Creditors	14,365,077	4,833,451
Accrued liabilities	3,558,875	3,388,146
Consignment account with Fauji Fertilizer Bin Qasim Limited - unsecured	546,522	678,110
Sales tax payable - net	111,630	-
Deposits	151,928	151,049
Retention money	155,814	169,732
Advances from customers	1,838,106	337,829
Workers' Welfare Fund	1,220,754	1,114,399
Workers' Profit Participation Fund	205,989	-
Payable to Gratuity Fund	20,656	3,892
Unclaimed dividend	524,067	407,518
Other liabilities	275,582	133,236
	22,975,000	11,217,362
8. MARK-UP AND PROFIT ACCRUED		
On borrowings from conventional banks	377,829	311,465
On borrowings from Islamic banks	47,071	39,610
	424,900	351,075
9. SHORT TERM BORROWINGS		
Short term borrowings - secured		
From conventional banks	26,531,056	19,575,365
From Islamic banks	2,139,963	2,807,160
	28,671,019	22,382,525

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the period ended June 30, 2017

	Un-audited June 30, 2017	Audited December 31, 2016
	(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.	29,099,552	25,675,042
(iv) Group's share of contingencies in Fauji Cement Company Limited as at March 31, 2017	150,870	150,870
(v) Group's share of contingencies in Askari Bank Limited as at March 31, 2017	113,818,247	101,248,858
(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, 2017	Audited December 31, 2016
		(Rupees '000)	
(b) Commitments in respect of:			
(i) Capital expenditure		2,706,281	1,506,491
(ii) Purchase of fertilizer, stores, spares and other operational items		1,550,326	2,442,592
(iii) Group's share of commitments of PMP as at December 31, 2016		20,218	7,718
(iv) Rentals under lease agreements:			
Premises		409,623	450,260
Vehicles		95,445	75,010

11. PROPERTY, PLANT AND EQUIPMENT

Opening written down value		34,295,455	35,228,277
Additions during the period / year	11.1	1,385,551	2,074,876
Written down value of disposals / adjustments		(285,693)	(7,571)
Depreciation during the period / year	11.1 & 11.2	(1,517,702)	(3,000,127)
		<u>33,877,611</u>	<u>34,295,455</u>

11.1 Additions in and depreciation on property, plant and equipment during the period ended June 30, 2016 were Rs 1,294,644 thousand and Rs 1,460,110 thousand respectively.

	Un-audited June 30, 2017	Audited December 31, 2016
Note		
	(Rupees '000)	
11.2 Depreciation charge has been allocated as follows:		
Cost of sales	1,468,274	2,904,060
Distribution cost	40,409	77,567
Other expenses	884	1,511
Charged to FFBL under Inter Company Services Agreement	8,135	16,989
11	1,517,702	3,000,127

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the period ended June 30, 2017

	Note	Un-audited June 30, 2017	Audited December 31, 2016
		(Rupees '000)	
12. LONG TERM INVESTMENTS			
Equity accounted investments	12.1	40,421,029	40,808,123
Other long term investments	12.2	7,163,512	7,255,768
		<u>47,584,541</u>	<u>48,063,891</u>
12.1 Equity accounted investments			
Investment in associated companies - under equity method			
Fauji Fertilizer Bin Qasim Limited			
Balance at the beginning		19,735,481	20,787,172
Share of (loss) / profit for the period / year		(246,531)	451,880
Share of OCI for the period / year		(218,856)	238,528
Acquisition of Non controlling interest by associate		-	(321,129)
Dividend received		(232,946)	(1,420,970)
		<u>19,037,148</u>	<u>19,735,481</u>
Askari Bank Limited			
Balance at the beginning		17,148,611	14,541,280
Share of profit for the period / year		977,342	2,244,891
Share of OCI for the period / year		(21,613)	1,042,150
Dividend received		(815,652)	(679,710)
		<u>17,288,688</u>	<u>17,148,611</u>
Fauji Cement Company Limited			
Balance at the beginning		2,063,119	1,896,273
Share of profit for the period / year		92,555	330,909
Dividend received		-	(164,063)
		<u>2,155,674</u>	<u>2,063,119</u>
Investment in joint venture - under equity method			
Pakistan Maroc Phosphore S.A., Morocco			
Balance at the beginning		1,860,912	1,548,341
Share of profit for the period / year		84,872	312,571
Loss on translation of net assets		(6,265)	-
		<u>1,939,519</u>	<u>1,860,912</u>
		<u>40,421,029</u>	<u>40,808,123</u>
12.2 Other long term investments			
Investment available for sale			
Term Deposit Receipts - from conventional banks		114,939	96,138
Pakistan Investment Bonds		7,583,445	7,701,536
		<u>7,698,384</u>	<u>7,797,674</u>
Less: Current portion shown under short term investments			
Investments available for sale			
Term Deposit Receipts		33,815	27,515
Pakistan Investment Bonds		501,057	514,391
	19	<u>534,872</u>	<u>541,906</u>
		<u>7,163,512</u>	<u>7,255,768</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the period ended June 30, 2017

	Note	Un-audited June 30, 2017	Audited December 31, 2016
		(Rupees '000)	
13. LONG TERM LOANS AND ADVANCES			
Loans and advances - considered good:			
Interest bearing		732,578	709,994
Non-interest bearing		566,062	559,740
		1,298,640	1,269,734
Less: Amount due within twelve months, shown under current loans and advances			
Interest bearing		141,511	134,246
Non-interest bearing		215,097	201,338
	16	356,608	335,584
		942,032	934,150
14. LONG TERM DEPOSITS AND PREPAYMENTS			
Non-interest bearing deposits		43,653	27,886
Prepayments		1,934	1,597
		45,587	29,483
15. STOCK IN TRADE			
Raw materials		109,055	95,250
Work in process		81,067	108,269
Finished goods			
Manufactured product		7,101,264	3,740,835
Purchased product		6,336,196	372,893
		13,437,460	4,113,728
Stock in transit		1,930,383	-
		15,557,965	4,317,247
16. LOANS AND ADVANCES			
Current portion of long term loans and advances		356,608	335,584
Loans and advances to employees - unsecured - considered good non-interest bearing		172,049	54,497
Advances to suppliers - considered good		368,196	209,529
		896,853	599,610
17. DEPOSITS AND PREPAYMENTS			
Non-interest bearing deposits		12,968	944
Prepayments		190,060	57,172
		203,028	58,116
18. OTHER RECEIVABLES			
Accrued income on investments and bank deposits			
From conventional banks		373,126	398,301
From Islamic banks		-	508
Sales tax receivable - net		5,067,601	1,178,253
Sales tax receivable related to Pak Saudi Fertilizers Limited		42,486	42,486
Advance tax		359,749	358,293
Receivable from Workers' Profit Participation Fund - unsecured		-	108,194
Receivable from Fauji Fertilizer Bin Qasim Limited - unsecured		40,338	39,203
Due from Gratuity Fund		139,457	80,450
Due from Pension Fund		331,419	286,778
Subsidy receivable from Government agencies		6,676,677	5,072,534
Other receivables			
considered good		284,348	130,987
considered doubtful		2,232	2,232
Provision for doubtful receivables		(2,232)	(2,232)
		284,348	130,987
		13,315,201	7,695,987

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the period ended June 30, 2017

	Note	Un-audited June 30, 2017	Audited December 31, 2016
		(Rupees '000)	
19. SHORT TERM INVESTMENTS			
Loans and receivables - Conventional investments			
Term deposits with banks and financial institutions			
Local currency		5,300,000	12,405,762
Foreign currency		1,437,394	1,420,224
Investments at fair value through profit or loss			
Conventional investments		244,727	702,344
Shariah compliant investments		1,015,612	428,413
Current maturity of long term investments			
Investments available for sale	12.2	534,872	541,906
		8,532,605	15,498,649
20. CASH AND BANK BALANCES			
At banks			
Local Currency			
Current Account - Conventional banking		133,751	125,720
Current Account - Islamic banking		176,240	-
Deposit Account - Conventional banking	20.2	1,295,738	391,022
Deposit Account - Islamic banking	20.3	3,737	28,816
		1,609,466	545,558
Foreign Currency			
Deposit Account		295	1,198
Cash in transit	20.4	2,902,166	2,150,877
Cash in hand		241,771	1,595
		4,753,698	2,699,228

20.1 Balances with banks include Rs 127,086 thousand (2016: Rs 110,147 thousand) in respect of security deposits received.

20.2 Balances with conventional banks carry mark-up ranging from 3.50% to 5.85% (2016: 3.50% to 5.25%) per annum.

20.3 Balances with Islamic banks carry profit ranging from 1.65% to 4.75% (2016: 1.65% to 4.00%) per annum.

20.4 These represent demand drafts in transit at the period / year end.

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

For the period ended June 30, 2017

	For the quarter ended		For the period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees '000)		(Rupees '000)	
21. SALES				
Fertilizers	18,970,955	16,675,916	30,161,304	28,321,912
Power	985,418	962,540	1,304,259	1,278,311
Food	78,569	7,860	132,723	10,000
	20,034,942	17,646,316	31,598,286	29,610,223
22. COST OF SALES				
Raw materials consumed	6,381,599	6,238,489	12,840,200	13,580,830
Fuel and power	2,453,831	2,303,315	4,677,913	4,457,771
Chemicals and supplies	116,420	91,691	198,315	178,078
Salaries, wages and benefits	1,765,789	1,595,195	3,388,975	3,137,927
Training and employees welfare	191,592	183,398	370,541	370,859
Rent, rates and taxes	4,659	3,410	9,272	7,699
Insurance	67,942	67,154	116,017	133,568
Travel and conveyance	93,241	113,807	184,069	183,239
Repairs and maintenance	274,880	415,214	541,802	1,035,408
Depreciation and amortization	731,330	712,899	1,472,577	1,414,324
Communication and other expenses	240,028	475,795	554,462	810,486
Provision for slow moving spares	34,029	8,301	34,029	8,301
	12,355,340	12,208,668	24,388,172	25,318,490
Opening stock - work in process	112,050	100,800	96,785	106,097
Closing stock - work in process	(81,067)	(74,396)	(81,067)	(74,396)
	30,983	26,404	15,718	31,701
Cost of goods manufactured	12,386,323	12,235,072	24,403,890	25,350,191
Opening stock - manufactured	8,514,499	7,208,831	3,740,503	2,200,017
Closing stock - manufactured	(7,100,916)	(8,431,375)	(7,100,916)	(8,431,375)
	1,413,583	(1,222,544)	(3,360,413)	(6,231,358)
Cost of sales - manufactured fertilizers	13,799,906	11,012,528	21,043,477	19,118,833
Opening stock - purchased	234,164	1,898,861	375,050	2,756,037
Purchase of products for resale	8,060,057	1,008,596	9,619,396	1,008,596
	8,294,221	2,907,457	9,994,446	3,764,633
Closing stock - purchased	(6,336,543)	(2,158,006)	(6,336,543)	(2,158,006)
Cost of sales - purchased	1,957,678	749,451	3,657,903	1,606,627
	15,757,584	11,761,979	24,701,380	20,725,460

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

For the period ended June 30, 2017

	For the quarter ended		For the period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees '000)		(Rupees '000)	
23. FINANCE COST				
Mark-up on long term borrowings				
Conventional banking	512,278	557,454	1,012,567	1,068,846
Islamic banking	54,923	73,239	112,125	143,423
	567,201	630,693	1,124,692	1,212,269
Mark-up on short term borrowings				
Conventional banking	248,187	197,594	399,243	383,026
Islamic banking	32,262	21,393	47,526	42,966
	280,449	218,987	446,769	425,992
Exchange loss	3,272	1,696	11,247	6,946
Bank and other charges	40,836	17,442	55,866	29,534
	891,758	868,818	1,638,574	1,674,741
24. OTHER EXPENSES				
Research and development	134,276	133,252	249,038	256,213
Workers' Profit Participation Fund	161,472	224,954	314,183	404,393
Workers' Welfare Fund	64,973	83,124	106,355	153,670
	360,721	441,330	669,576	814,276
25. OTHER INCOME				
Income from sales under Government subsidy	2,451,697	1,234,766	3,860,567	1,379,556
Income from financial assets				
Income on loans, deposits and investments in:				
Pakistan Investment Bonds	201,481	252,563	399,620	473,878
Conventional banks	77,895	17,853	166,776	113,612
Islamic banks	22	147	144	147
Gain on re-measurement of investments in:				
Conventional mutual funds	12,100	14,014	28,117	26,939
Shariah compliant mutual funds	3,082	-	7,496	-
Dividend income	15,666	-	15,666	-
Exchange gain on foreign currency	9,307	1,014	18,590	581
Income from non-financial assets				
Gain / (loss) on disposal of property, plant and equipment	1,277	(1,516)	(3,376)	7,910
Commission on sale of FFBL products	5,017	4,314	9,234	6,433
Other income				
Scrap sales	21,501	2,233	42,713	3,595
Others	13,178	57,011	22,372	63,222
	2,812,223	1,582,399	4,567,919	2,075,873

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

For the period ended June 30, 2017

	For the quarter ended		For the period ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	(Rupees '000)		(Rupees '000)	
26. EARNINGS PER SHARE				
Net profit after tax (Rupees '000)	2,407,978	2,795,381	3,583,573	3,564,796
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)	1.90	2.20	2.82	2.80

27. SEGMENT INFORMATION

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

	Fertilizers	Reportable segments		Total
		Power	Food	
	(Rupees '000)			
June 30, 2017 (Un-audited)				
Assets				
Segment assets (Total)	84,636,401	12,305,767	3,713,385	100,655,553
Equity accounted investees	40,421,029	-	-	40,421,029
Liabilities				
Segment liabilities (Total)	81,645,075	7,252,356	2,932,527	91,829,958
Capital expenditure	1,335,193	15,515	34,843	1,385,551
Depreciation	1,081,393	298,129	138,180	1,517,702
December 31, 2016 (Audited)				
Assets				
Segment assets (Total)	67,979,320	12,266,626	3,599,404	83,845,350
Equity accounted investees	40,808,123	-	-	40,808,123
Liabilities				
Segment liabilities (Total)	63,689,119	7,251,292	2,347,231	73,287,642
Capital expenditure	1,985,368	11,265	78,243	2,074,876
Depreciation	2,126,767	608,682	264,678	3,000,127

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
For the period ended June 30, 2017

	June 30, 2017	June 30, 2016
	(Rupees '000)	
28. CASH GENERATED FROM OPERATIONS		
Net profit before taxation	5,638,164	6,207,989
Adjustments for:		
Depreciation	1,508,683	1,460,110
Amortization	5,234	2,530
Provision for slow moving spares	34,029	8,301
Finance cost	1,638,574	1,674,741
Income on loans, deposits and investments	(566,396)	(587,637)
Share of profit of associate and joint venture	(794,708)	(948,168)
(Gain) / loss on sale of property, plant and equipment	3,376	(7,910)
Exchange gain - net	(18,590)	(581)
Gain on remeasurement of investments at fair value through profit or loss	(7,496)	(26,939)
Government subsidy on sale of fertilizer	(3,860,567)	(1,379,556)
	(2,057,861)	194,891
	3,580,303	6,402,880
Changes in working capital		
Decrease / (increase) in current assets:		
Stores and spares	(308,606)	131,957
Stock in trade	(11,240,718)	(5,640,364)
Trade debts	(4,635,083)	(2,255,550)
Loans and advances	(297,243)	(73,315)
Deposits and prepayments	(144,912)	(152,065)
Other receivables	(4,031,735)	(88,603)
Increase in current liabilities:		
Trade and other payables	11,641,089	2,795,761
	(9,017,208)	(5,282,179)
Changes in long term loans and advances	(7,882)	(122,269)
Changes in long term deposits and prepayments	(16,104)	(3,058)
Changes in deferred liabilities	(159,895)	-
Change in liability under finance lease	1,283	1,283
	(5,619,503)	996,657

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

For the period ended June 30, 2017

29. 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)

29.1 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, 2017

June 30, 2017 (Un-audited)

Financial assets not measured at fair value

Non - current assets

Long term investments
Long term loans and advances
Long term deposits

Current assets

Trade debts - net of provision
Loans and advances
Deposits
Other receivables
Short term investments
Cash and bank balances

Financial liabilities not measured at fair value

Non - current liabilities

Long term borrowing

Current liabilities

Trade and other payables
Mark-up and profit accrued
Short term borrowings
Current portion of long term borrowings

Carrying Amount				Fair Value				
Loans and receivables	Available for sale investments	Fair value through profit or loss	Other financial assets / liabilities	(Rupees '000)				
				Total	Level 1	Level 2	Level 3	Total
-	7,163,512	-	-	7,163,512	-	7,163,512	-	7,163,512
942,032	-	-	-	942,032	-	-	-	-
43,653	-	-	-	43,653	-	-	-	-
9,707,099	-	-	-	9,707,099	-	-	-	-
528,657	-	-	-	528,657	-	-	-	-
12,968	-	-	-	12,968	-	-	-	-
7,845,365	-	-	-	7,845,365	-	-	-	-
6,737,394	534,872	1,260,339	-	8,532,605	1,260,339	534,872	-	1,795,211
4,753,698	-	-	-	4,753,698	-	-	-	-
30,570,866	7,698,384	1,260,339	-	39,529,589	1,260,339	7,698,384	-	8,958,723
-	-	-	23,774,713	23,774,713	-	-	-	-
-	-	-	19,577,865	19,577,865	-	-	-	-
-	-	-	424,900	424,900	-	-	-	-
-	-	-	28,671,019	28,671,019	-	-	-	-
-	-	-	8,732,006	8,732,006	-	-	-	-
-	-	-	81,180,503	81,180,503	-	-	-	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

For the period ended June 30, 2017

	Carrying Amount			Fair Value					
	Loans and receivables	Available for sale investments	Fair value through profit or loss	Other financial assets / liabilities		Level 1	Level 2	Level 3	Total
				Total					
(Rupees '000)									
December 31, 2016 (Audited)									
Financial assets not measured at fair value									
Non - current assets									
Long term investments	-	7,255,768	-	-	7,255,768	-	7,255,768	-	7,255,768
Long term loans and advances	934,150	-	-	-	934,150	-	-	-	-
Long term deposits	27,886	-	-	-	27,886	-	-	-	-
Current assets									
Trade debts - net of provision	5,072,016	-	-	-	5,072,016	-	-	-	-
Loans and advances	390,081	-	-	-	390,081	-	-	-	-
Deposits	944	-	-	-	944	-	-	-	-
Other receivables	6,116,955	-	-	-	6,116,955	-	-	-	-
Short term investments	13,825,986	541,906	1,130,757	-	15,498,649	1,130,757	541,906	-	1,672,663
Cash and bank balances	2,699,228	-	-	-	2,699,228	-	-	-	-
	29,067,246	7,797,674	1,130,757	-	37,995,677	1,130,757	7,797,674	-	8,928,431
Financial liabilities not measured at fair value									
Non - current liabilities									
Long term borrowings	-	-	-	4,012,599	24,012,599	-	-	-	-
Current liabilities									
Trade and other payables	-	-	-	9,761,242	9,761,242	-	-	-	-
Mark-up and profit accrued	-	-	-	351,075	351,075	-	-	-	-
Short term borrowings	-	-	-	2,382,525	22,382,525	-	-	-	-
Current portion of long term borrowings	-	-	-	7,964,843	7,964,843	-	-	-	-
	-	-	-	4,472,284	64,472,284	-	-	-	-

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION (UN-AUDITED)
For the period ended June 30, 2017

June 30, 2017	June 30, 2016
(Rupees '000)	

30. 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

Expenses charged on account of marketing of fertilizer on behalf of associated company	517,839	410,623
Commission on sale of products	9,234	6,433
Payment under consignment account	19,862,880	10,155,995
Purchase of gas as feed and fuel stock	10,883,909	20,940,092
Donation	52,631	84,619
Others	16,750	235
Dividend income	1,048,598	2,264,743
Dividends paid	2,398,010	2,973,532
Dividend receivable *	-	144,661
Short term investment *	-	1,654,820
Long term investment *	114,939	96,138
Short term borrowing *	-	730,698
Long term borrowing *	-	670,929
Bank balance *	953,366	151,737
Running finance *	154,394	50,417
Balance receivable *	46,185	47,171
Balance payable *	15,509,043	5,565,853

Key management personnel

Remuneration including benefits and perquisites of Chief Executives and Executives, No. of persons 2017: 1 and 981 (2016: 1 and 904) respectively	3,128,686	2,828,886
---	-----------	-----------

Contribution and balances with staff retirement funds

Employees' Provident Fund Trust	206,958	193,780
Employees' Gratuity Fund Trust	118,014	278,084
Employees' Pension Fund Trust	89,283	97,701
Employees' Funds as Dividend on equity holding of 0.08% (2016: 0.29%)	3,892	18,215
Balance receivable from Gratuity Fund Trust *	139,457	80,450
Balance receivable from Pension Fund Trust *	331,419	286,778

* Comparative figures of receivable / payable balances are as of December 31, 2016.

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

For the period ended June 30, 2017

31. POST BALANCE SHEET EVENT

The Board of Directors of FFC in its meeting held on July 31, 2017 declared second interim dividend of Rs 1.00 per share.

32. GENERAL

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

32.2 This condensed interim consolidated financial information has been authorized for issue by the Board of Directors of FFC on July 31, 2017.



Chairman



Chief Executive



Director

INVESTORS' EDUCATION

www.jamapunji.pk



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered

- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

[@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



BOOK POST UNDER CERTIFICATE OF POSTING



If undelivered please return to:

FAUJI FERTILIZER COMPANY LIMITED

Sona Tower , 156 The Mall, Rawalpindi.

Tel: +92(51) 8450001, UAN: +92(51) 111-332-111

Website: www.ffc.com.pk

 **FFC ENERGY**

Askari Bank Ltd



Fauji Fresh n Freeze Ltd



 **FFBL**
Fauji Fertilizer Bus Quam Limited



Fauji Cement Company Ltd