



**HALF YEARLY
REPORT | 2022**

COMPANY INFORMATION

DIRECTORS

Mr Waqar Ahmed Malik
Chairman

Mr Arif-ur-Rehman
Chief Executive Officer

Mr Sarfaraz Ahmed Rehman

Dr Nadeem Inayat

Mr Qamar Haris Manzoor

Mr Mohammad Munir Malik

Syed Bakhtiyar Kazmi

Mr Mohammad Aleem Khan

Syed Khalid Siraj Subhani

Mr Moez ur Rehman

Ms Pouruchisty Sidhwa

Ms Saira Nasir

COMPANY SECRETARY

Brig Asif Ali, SI(M), (Retd)

CHIEF FINANCIAL OFFICER

Mr Muhammad Javed Akhtar

REGISTERED OFFICE

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

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

E-mail: secretary@ffbl.com

PLANTSITE

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

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

Email: information@ffbl.com

WEB PRESENCE

www.ffbl.com

BANKERS

Habib Bank Limited

MCB Bank Limited

United Bank Limited

National Bank of Pakistan

Allied Bank Limited

Askari Bank Limited

Faysal Bank Limited

Standard Chartered Bank (Pakistan) Limited

Habib Metropolitan Bank Limited

The First Micro Finance Bank Limited

Soneri Bank Limited

Summit Bank Limited

JS Bank Limited

Samba Bank Limited

Zarai Taraqati Bank Limited

Industrial & Commercial Bank of China

The Bank of Khyber

Al-Baraka Bank (Pakistan) Limited

Dubai Islamic Bank Pakistan Limited

Bank Islami Pakistan Limited

Meezan Bank Limited

MCB Islamic Bank Limited

Bank Al-Falah Limited

Bank Al-Habib Limited

Silk Bank Limited

The Bank of Punjab

LEGAL ADVISORS

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

AUDITORS

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

SHARES REGISTRAR

Corplink (Pvt) Limited,
Wings Arcade, 1-K,
Commercial, Model Town, Lahore.
Tel: (042) 35839182, 35916719
Fax: (042) 35869037

We are delighted to inform our valued shareholders that, Alhamdulillah, your company has earned the highest ever profit before tax of PKR 8.8 Billion in the history of the Company.

While high levels of international prices of DAP culminated in the highest ever revenue for our Company, proactive management and strong financial discipline were drivers of this excellent result in uncertain times.

Dear Shareholders, you are aware that our beloved country is going through an economic crisis for various external and internal factors. Accordingly, our Government had to resort to stringent fiscal measures, which included 400 basis point increase in the policy rate during the period and imposition of super tax at 10% on profits of last year and 4% for the current year.

The impact on our company because of additional taxes is PKR 2.7 Billion. Setting aside this additional burden, our normal profit after tax for this period is PKR 6.1 Billion, the highest ever in the history of the Company.

We further wish to inform you that FFBL is continuously improving its credit quality over the past couple of years based on its financial performance. During the period, VIS credit rating agency has upgraded FFBL in long-term entity rating to AA (double A) from AA- (double A minus), which signifies high credit quality with strong protection.

PLANT OPERATIONS

The plant operations remained efficient and secure as we achieved 23.24 Million safe-man-hours in line with our commitment towards health and safety of our people. In order to ensure sufficient availability of fertilizer in local market, while giving due consideration to plant efficiencies, the Company has deferred the annual maintenance plan.

DAP

The plant recorded highest ever DAP production of 449 KT for the period, representing 31% increase, in comparison to 343 KT of SPLY.

Urea

Production was 262 KT, representing 14% increase, in comparison to 231 KT in SPLY.

MARKET PERFORMANCE

DAP

International DAP market remained undersupplied with a bullish price trend, on account of China export restrictions, commodity super cycle and ongoing Russia-Ukraine war. We saw fertilizer prices soaring to new all-time highs, prompting concerns over global food shortage.

As far as domestic market is concerned, Pakistan meets around half of its demand through imports and remaining through local production by FFBL, which is also dependent on imported raw material. Therefore, surge in DAP and Phos Acid prices internationally, increasing freight cost, high inflation and significant Pak Rupee devaluation led to hike in DAP price in domestic market and adversely impacted the demand. Consequently, domestic DAP market is estimated to have declined by 10%, at 544 KT during the period from 606 KT in SPLY.

FFBL's perfectly synchronized production and marketing strategy coupled with importers' reluctance driven by tight availability and market volatility, helped us in achieving highest ever DAP sales of 311 KT as against 231 KT in SPLY, representing 35% growth and 57% market share as against a share of 38% in SPLY.

UREA

International Urea market demand remained low and price witnessed a downward trend despite challenges being faced by Russian producers to access markets.

Domestic Urea market is estimated to have grown by 12% to 3,246 KT as against 2,898 KT of SPLY. This growth is partly due to imbalanced use of fertilizer by the farmers, owing to significantly high DAP prices i.e. substituting the use of DAP for less expensive Urea.

FFBL's Urea sales increased to 261 KT as against 219 KT of SPLY, representing a growth of 19%. The Company achieved 8% market share as against 7.6% in SPLY.

FINANCIAL PERFORMANCE

We are pleased to present the half yearly results as under:

Description	2022 (PKR- Million)	2021 (PKR- Million)	% change
Revenue	70,933	29,917	137%
Gross Profit	14,180	5,973	137%
Operating Profit	10,420	3,111	235%
Profit before tax	8,812	4,670	89%
Profit after tax	3,410	3,876	-12%

As already explained, the profit after tax has been reduced by additional taxes of PKR 2.7 Billion imposed by the Government of Pakistan.

On consolidated basis, the Group achieved ever highest results in all aspects from top to bottom. Sales revenue was at PKR 80 Billion (108% increase from SPLY) and profit after tax arrived at PKR 4 Billion (117% increase from SPLY), despite taking a hit of PKR 6 Billion in tax expense.

SUBSIDIARIES AND JOINT VENTURE

The management of Fauji Foods Limited (FFL) is continuously working to improve its operations and has restructured its Route to Market (RTM) model, planning to add digital business solutions with sales automation and is undertaking resource and efficiency optimization measures. Since FFL is operating in a highly competitive food sector, it has also invested in marketing and branding campaigns during the period and managed to increase revenue by 7% in comparison to SPLY, as its products are picking up in market share.

During the period, on one hand, FFL has faced increase in cost of raw material and inputs due to ongoing inflationary pressure as well as devaluation of Pak Rupee and on the other hand it was not able to completely pass it on to the consumer due to their reduced purchasing power.

Furthermore, during the period, as a result of change in tariff code of one of FFL's products, which was earlier exempt from sales tax, is now subject to sales tax, impact of which could not be passed on to the consumer. FFL and other companies, impacted by this change, have appealed against the decision. As a result, FFL closed the period with loss of PKR 1.2 Billion (June 2021: PKR 0.8 Billion).

FFBL Power Company Limited operations remained consistent and in line with safety parameters. Fauji Meat Limited is undergoing optimization in operations and has managed to reduce its loss.

Our Joint venture, Pakistan Maroc Phosphore S.A in Morocco is also performing well. FFBL has recorded dividend of PKR 2.5 Billion during the period under review.

OUTLOOK

Going forward, local DAP production is facing serious challenges and it is crucial for the Government to adopt holistic and progressive measures to contain the damage to agriculture sector and food security of Pakistan. On one hand, global economic situation and geopolitical tensions are exerting pressure on our business operations and, on the other hand, the Government's policy measures have made the situation difficult for Pakistan's sole DAP producer. The Government must acknowledge the strategic significance of local DAP production. It reduces reliance on volatile international markets, protects valued foreign exchange and always comes to rescue in times of short supplies. Thus, it inherently strengthens nation food security.

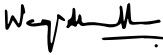
The Government's recent decision to exempt fertilizer from output sales tax has put FFBL at a severe competitive disadvantage vis-à-vis commercial importers, as input sales tax has become a part of the cost for FFBL and there is no such impact on the cost of importers. The Government should immediately intervene and take appropriate measure in order to protect local DAP production and remove disparity.

Another looming threat to crop yields of Pakistan is a shift in the fertilizer consumption attitude of the farming community i.e. substituting costly but highly recommended DAP with less expensive and highly subsidized Urea. It is imperative that the Government plays its role in promoting the balanced use of fertilizer and considers subsidizing DAP in an appropriate manner. This will ensure balanced nutrients in soil and improve crop yields in line with international standards and thus ensure food security.

Furthermore, it is also expected from the Government to take all stakeholders into confidence when taking policy decisions, particularly on pricing of gas for fertilizer sector. It must be taken into consideration that increase in gas price may exacerbate food inflation. Policies conducive for future investments in the sector will go a long way to ensure food security of Pakistan.

In the face of adversity, we are determined to deliver on our commitment to operate responsibly and feed the nation.

For and on behalf of the Board



Waqar Ahmed Malik
Chairman



Arif-ur-Rehman
Chief Executive Officer

Place: Islamabad

25 July 2022

نے فیصلے کے خلاف اپیل کی ہے۔ نتیجے کے طور پر، FFL نے اس مدت میں 1.25 بلین روپے (جون 2021: 0.76 بلین روپے) کا نقصان کیا۔

ایف ایف بی ایل پاور کمپنی لمیٹڈ کے آپریشنز مسلسل اور حفاظتی پیرامیٹرز کے مطابق رہے۔ فوجی میٹ لمیٹڈ آپریشنز میں اصلاح سے گزر رہا ہے اور اپنے نقصان کو کم کرنے میں کامیاب رہا ہے۔

ہمارا مشترکہ منصوبہ، مراکش میں Pakistan Maroc Phosphore S.A بھی اچھی کارکردگی کا مظاہرہ کر رہا ہے۔ FFBL نے زیر جائزہ مدت کے دوران 2.5 بلین روپے کا ڈیویڈنڈ ریکارڈ کیا ہے۔

آؤٹ لک

آگے بڑھتے ہوئے، مقامی ڈی اے پی کی پیداوار کو سنگین چیلنجز کا سامنا ہے اور حکومت کے لیے یہ بہت ضروری ہے کہ وہ پاکستان کے زرعی شعبے اور غذائی تحفظ کو پہنچنے والے نقصان پر قابو پانے کے لیے جامع اور ترقی پسند اقدامات کرے۔ ایک طرف عالمی معاشی صورتحال اور جغرافیائی سیاسی تناؤ ہمارے کاروباری آپریشنز پر دباؤ ڈال رہے ہیں اور دوسری طرف حکومت کے پالیسی اقدامات نے پاکستان کے واحد DAP پروڈیوسر کے لیے صورتحال کو مشکل بنا دیا ہے۔ حکومت کو مقامی ڈی اے پی کی پیداوار کی سٹریٹجک اہمیت کو تسلیم کرنا چاہیے۔ یہ غیر مستحکم بین الاقوامی منڈیوں پر انحصار کو کم کرتا ہے، قیمتی زرمبادلہ کی حفاظت کرتا ہے اور کم سپلائی کے وقت کام آتا ہے۔ اس طرح، یہ فطری طور پر قوم کی غذائی تحفظ کو مضبوط کرتا ہے۔

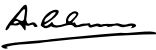
کھاد کو آؤٹ پٹ سیلز ٹیکس سے مستثنیٰ کرنے کے حکومت کے حالیہ فیصلے نے تجارتی درآمد کنندگان کے مقابلے FFBL کو شدید مسابقتی نقصان میں ڈال دیا ہے کیونکہ ان پٹ سیلز ٹیکس FFBL کے لیے لاگت کا ایک حصہ بن گیا ہے اور درآمد کنندگان کی لاگت پر اس کا کوئی اثر نہیں پڑا۔ حکومت کو فوری طور پر مداخلت کرنی چاہیے اور مقامی DAP کی پیداوار کے تحفظ اور تفاوت کو دور کرنے کے لیے مناسب اقدام کرنے چاہیے۔

پاکستان کی فصلوں کی پیداوار کے لیے ایک اور خطرہ کاشتکار برداری کے کھاد کے استعمال کے روپے میں تبدیلی ہے یعنی کم مہنگی اور انتہائی سبسڈی والے یوریا کو انتہائی تجویز کردہ DAP کے متبادل کے طور پر استعمال کرنا۔ یہ ضروری ہے کہ حکومت کھاد کے متوازن استعمال کو فروغ دینے کے لیے اپنا کردار ادا کرے اور مناسب طریقے سے DAP پر سبسڈی دینے پر غور کرے۔ یہ مٹی میں متوازن غذائیت کو یقینی بنانے کا اور بین الاقوامی معیارات کے مطابق فصل کی پیداوار کو بہتر بنانے کا اور اس طرح غذائی تحفظ کو یقینی بنانے کا۔

مزید برآں، حکومت سے یہ بھی توقع کی جاتی ہے کہ وہ پالیسی فیصلے کرتے وقت تمام اسٹیک ہولڈرز کو اعتماد میں لے، خاص طور پر کھاد کے شعبے کے لیے گیس کی قیمتوں کے تعین پر۔ اس بات کو مدنظر رکھا جانا چاہیے کہ گیس کی قیمتوں میں اضافے سے اشیائے خوردونوش کی مہنگائی میں اضافہ ہو سکتا ہے۔ اس شعبے میں مستقبل کی سرمایہ کاری کے لیے سازگار پالیسیوں کے پاکستان کی غذائی تحفظ کو یقینی بنانے کے لیے دور رس اثرات مرتب ہونگے۔

اس مشکل وقت میں، ہم نمہ داری سے کام کرنے اور قوم کو خوراک کی فراہمی کے اپنے ارادے کو پورا کرنے کے لیے پرعزم ہیں۔

منجانب بورڈ



عارف الرحمن
چیف ایگزیکٹو آفیسر



وقار احمد ملک
چینر مین

اسلام آباد

25 جولائی 2022

بین الاقوامی یوریا مارکیٹ کی طلب کم رہی اور روسی پروڈیوسروں کو منڈیوں تک رسائی کے لیے درپیش چیلنجوں کے باوجود قیمت میں کمی کا رجحان دیکھا گیا۔

مقامی یوریا کی مارکیٹ گزشتہ سال کی اسی مدت کے 2,898KT کے مقابلے میں 12 فیصد بڑھ کر 3,246KT ہونے کا تخمینہ ہے۔ یہ نمو جزوی طور پر کسانوں کی طرف سے کھاد کے غیر متوازن استعمال کی وجہ سے ہے، جس کی وجہ ڈی اے پی کی کافی زیادہ قیمتیں ہیں یعنی سستی یوریا کو ڈی اے پی کے متبادل کے طور پر استعمال کرنا۔

FFBL کی یوریا کی فروخت گزشتہ سال کی اسی مدت کے 219KT کے مقابلے میں 19 فیصد اضافے کے ساتھ 261KT تک بڑھ گئی۔ کمپنی نے گزشتہ سال کی اسی مدت کے 7.6 فیصد کے مقابلے میں 8 فیصد کا مارکیٹ شیئر حاصل کیا۔

مالیاتی کارکردگی

ہمیں ششماہی کے نتائج کو حسب ذیل پیش کرتے ہوئے خوشی ہو رہی ہے:

فیصد (%) تبدیلی	2021 (روپے ملین میں)	2022 (روپے ملین میں)	تفصیل
137%	29,917	70,933	آمدنی
137%	5,973	14,180	کل منافع
235%	3,111	10,420	اپریٹنگ منافع
89%	4,670	8,812	قبل از ٹیکس منافع
-12%	3,876	3,410	بعد از ٹیکس منافع

جیسا کہ پہلے ہی واضح کیا جا چکا ہے، حکومت پاکستان کی طرف سے عائد کردہ 2.7 بلین روپے کے اضافی ٹیکسوں سے بعد از ٹیکس منافع کم ہو گیا ہے۔

مجموعی طور پر گروپ نے آمدن سے منافع تک تمام پہلوؤں میں اب تک کے اعلیٰ ترین نتائج حاصل کیے ہیں۔ سیلز ریونیو 80 بلین روپے تھا (گزشتہ سال کی اسی مدت سے 108 فیصد اضافہ) اور بعد از ٹیکس منافع ٹیکس کے اخراجات میں 6 بلین روپے کا نقصان اٹھانے کے باوجود 4 بلین روپے (گزشتہ سال کی اسی مدت سے 117 فیصد اضافہ) پر پہنچ گیا۔

ذیلی ادارے اور جوائنٹ ویچر

فوجی فوڈز لمیٹڈ (FFL) کی انتظامیہ اپنے کاموں کو بہتر بنانے کے لیے مسلسل کام کر رہی ہے اور اس نے اپنے روٹ ٹو مارکیٹ (RTM) ماڈل کی تشکیل نو، سیلز آٹومیشن کے ساتھ ڈیجیٹل بزنس سلوشنز شامل کرنے کی منصوبہ بندی کی ہے اور وسائل اور کارکردگی کو بھی بہتر بنانے کے اقدامات اٹھا رہی ہے۔ چونکہ FFL ایک انتہائی مسابقتی غذائی شعبہ میں کام کر رہا ہے، اس لیے اس نے اس عرصے کے دوران مارکیٹنگ اور برانڈنگ مہموں میں بھی سرمایہ کاری کی ہے اور گزشتہ سال کی اسی مدت کے مقابلے میں 7 فیصد ریونیو بڑھانے میں کامیاب رہی ہے، کیونکہ اس کی مصنوعات مارکیٹ شیئر میں تیزی سے بڑھ رہی ہیں۔

اس عرصے کے دوران، ایک طرف FFL کو جاری مہنگائی کے دباؤ کے ساتھ ساتھ روپے کی قدر میں کمی کی وجہ سے خام مال اور ان پٹس کی قیمتوں میں اضافے کا سامنا کرنا پڑا اور دوسری طرف وہ اسے مکمل طور پر صارفین کی قوت خرید میں کمی کی وجہ سے ان تک منتقل نہیں کر پایا۔

مزید برآں، اس عرصے کے دوران، FFL کی مصنوعات میں سے ایک کے ٹیرف کوڈ میں تبدیلی کے نتیجے میں، جو پہلے سیلز ٹیکس سے مستثنیٰ تھا، اب سیلز ٹیکس کے تابع ہے اور اسکا اثر صارفین تک نہیں پہنچایا جا سکا۔ اس تبدیلی سے متاثر ہونے والی FFL اور دیگر کمپنیوں

ڈائریکٹرز کا تجزیہ

جون 30، 2022 کو ختم ہونے والی ششماہی کے لیے

ہمیں اپنے قابل قدر شہینز بولٹرز کو یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ الحمدللہ، آپ کی کمپنی نے کمپنی کی تاریخ میں اب تک کا سب سے زیادہ 8.8 بلین روپے کا قابل از ٹیکس منافع کمایا ہے۔

اگرچہ DAP کی بین الاقوامی قیمتوں کی بلند ترین سطح ہماری کمپنی کے لیے اب تک کی سب سے زیادہ آمدنی پر منتج ہوئی، فعال انتظام اور مضبوط مالیاتی نظم و ضبط، غیر یقینی کے اس وقت میں، بہترین نتائج کے محرکات تھے۔

محترم شہینز بولٹرز، آپ جانتے ہیں کہ ہمارا پیارا ملک مختلف بیرونی اور اندرونی عوامل کی وجہ سے معاشی بحران سے گزر رہا ہے۔ اس وجہ سے ہماری حکومت کو سخت مالیاتی اقدامات کا سہارا لینا پڑا، جس میں اس مدت کے دوران پالیسی ریٹ میں 400 بنیادی پوائنٹ اضافہ اور گزشتہ سال کے منافع پر 10 فیصد اور موجودہ سال کے لیے 4 فیصد سپر ٹیکس کا نفاذ شامل تھا۔

اضافی ٹیکسوں کی وجہ سے ہماری کمپنی پر 2.7 بلین روپے کا اثر پڑا۔ اس اضافی بوجھ کو ایک طرف رکھتے ہوئے، اس مدت کے لیے کمپنی کی تاریخ میں اب تک کا ہمارا سب سے زیادہ بعد از ٹیکس منافع 6.1 بلین روپے ہے۔

ہم آپ کو مزید بتانا چاہتے ہیں کہ FFBL اپنی مالی کارکردگی کی بنیاد پر گزشتہ چند سالوں میں اپنے کریڈٹ کے معیار کو مسلسل بہتر بنا رہا ہے۔ اس مدت کے دوران، VIS کریڈٹ ریٹنگ ایجنسی نے FFBL کو طویل مدتی اینٹیٹی کی درجہ بندی میں AA- (ڈبل اے مانس) سے AA (ڈبل اے) میں اپ گریڈ کیا ہے، جو کہ مضبوط تحفظ کے ساتھ اعلیٰ کریڈٹ کوالٹی کی نشاندہی کرتا ہے۔

پلانٹ آپریشنز

پلانٹ کے آپریشنز موثر اور محفوظ رہے اور ہم نے اپنے لوگوں کی صحت اور حفاظت کے لیے اپنے عزم کے مطابق 23.24 ملین سیف میں آؤرز حاصل کیے۔ مقامی مارکیٹ میں کھاد کی دستیابی کو یقینی بنانے کے لیے، پلانٹ کی افادیت کو مدنظر رکھتے ہوئے، کمپنی نے سالانہ دیکھ بھال کے منصوبے کو موخر کر دیا۔

ڈی اے پی

پلانٹ نے اس مدت کے لئے 449KT کی اب تک کی سب سے زیادہ ڈی اے پی کی پیداوار حاصل کی، جو گزشتہ سال کی اسی مدت کے 343KT کے مقابلے میں 31 فیصد اضافہ کی نمائندگی کرتا ہے۔

یوریا

یوریا کی پیداوار گزشتہ سال کی اسی مدت کے 231KT کے مقابلے میں 14 فیصد اضافے کے ساتھ 262KT رہی۔

مارکیٹ کی کارکردگی

ڈی اے پی

چین کی برآمدی پابندیوں، اجناس کے سپر سائیکل اور روس یوکرین کی جاری جنگ کی وجہ سے بین الاقوامی ڈی اے پی مارکیٹ میں تیزی کے رجحان کے ساتھ سپلائی کم رہی۔ ہم نے کھاد کی قیمتوں کو نئی بلندیوں تک بڑھتے دیکھا، جس سے عالمی سطح پر خوراک کی قلت پر تشویش پیدا ہوئی۔

جہاں تک مقامی مارکیٹ کا تعلق ہے، پاکستان اپنی تقریباً نصف طلب کو درآمدات کے ذریعے پورا کرتا ہے اور باقی ماندہ FFBL کی مقامی پیداوار سے، جس کا انحصار بھی درآمدی خام مال پر ہے۔ لہذا، بین الاقوامی سطح پر ڈی اے پی اور فاسفورک ایسڈ کی قیمتوں میں اضافہ، مال برداری کی بڑھتی ہوئی لاگت، بلند افراط زر اور پاکستانی روپے کی قدر میں نمایاں کمی نے مقامی مارکیٹ میں ڈی اے پی کی قیمت میں اضافہ کیا اور طلب پر منفی اثر ڈالا۔ نتیجتاً، مقامی ڈی اے پی مارکیٹ میں گزشتہ سال کی اسی مدت کے 606KT سے اس مدت کے دوران 544KT پر 10 فیصد کمی کا تخمینہ لگایا گیا۔

FFBL کی مکمل طور پر مطابقت پذیر پیداوار اور مارکیٹنگ کی حکمت عملی کے ساتھ درآمد کنندگان کی ہچکچاہٹ کے ساتھ دستیابی اور مارکیٹ کے اتار چڑھاؤ نے ہمیں گزشتہ سال کی اسی مدت کے 231KT کے مقابلے میں 311KT کی اب تک کی سب سے زیادہ ڈی اے پی فروخت حاصل کرنے میں مدد کی، جو کہ 35 فیصد نمو اور گزشتہ سال کی اسی مدت کے 38 فیصد کے مقابلے میں 57 فیصد مارکیٹ شہینز کی نمائندگی کرتی ہے۔

CONDENSED INTERIM FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF FAUJI FERTILIZER BIN QASIM LIMITED

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Fauji Fertilizer Bin Qasim Limited as at 30 June 2022, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

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

Other matters

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-month period ended 30 June 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 30 June 2022.

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



Chartered Accountants

Place: Islamabad

Date: 19 August 2022

UDIN: RR202210079xRYn2fzdC

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

		June 30, 2022 (Un - audited)	December 31, 2021 (Audited)
	Note	(Rupees '000)	
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Share capital	5	12,912,529	12,912,529
Capital reserve			
Share premium		1,632,729	1,632,729
Revenue reserve			
Accumulated profit		9,295,538	5,885,488
		23,840,796	20,430,746
NON CURRENT LIABILITIES			
Long term loans	6	13,500,012	16,233,345
Deferred liabilities	7	7,085,758	9,462,291
		20,585,770	25,695,636
CURRENT LIABILITIES			
Trade and other payables	8	76,808,032	46,785,563
Advances from customers		2,172,263	5,764,548
Unpaid dividend		10,846	10,954
Unclaimed dividend		116,867	116,867
Provision for income tax - net		2,947,529	501,559
Accrued interest		466,140	224,197
Short term borrowings		7,931,540	10,987,861
Current portion of long term loans	6	5,245,830	4,691,661
		95,699,047	69,083,210
		140,125,613	115,209,592
CONTINGENCIES AND COMMITMENTS			
	9		

The annexed notes, from 1 to 24, form an integral part of these condensed interim financial statements.

	June 30, 2022 (Un - audited)	December 31, 2021 (Audited)
	(Rupees '000)	

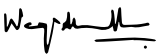
ASSETS

NON CURRENT ASSETS

Property, plant and equipment	10	10,239,928	10,574,734
Investment property		270,242	270,242
Long term investments	11	29,641,492	25,609,532
Long term loans	12	-	3,230,509
Long term advances		20,874	39,113
Long term deposits		78,643	78,643
		40,251,179	39,802,773

CURRENT ASSETS

Stores and spares		1,838,938	1,794,030
Stock in trade	13	42,876,886	8,388,200
Trade debts		1,754,672	94,238
Advances		338,369	577,065
Trade deposits and short term prepayments		53,647	124,609
Interest accrued		760,284	756,119
Other receivables	14	13,346,242	4,613,235
Sales tax refundable - net		16,754,957	12,487,644
Short term investments	15	483,938	10,441,700
Cash and bank balances		21,666,501	36,129,979
		99,874,434	75,406,819
		140,125,613	115,209,592



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



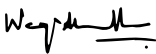
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2022

	Note	Quarter ended June 30,		Half year ended June 30,	
		2022	2021	2022	2021
		(Rupees '000)		(Rupees '000)	
Sales - net	16	46,148,964	16,912,106	70,932,931	29,917,238
Cost of sales	17	(37,358,207)	(13,416,725)	(56,752,880)	(23,944,561)
Gross profit		8,790,757	3,495,381	14,180,051	5,972,677
Selling and distribution expenses		(1,321,920)	(1,328,792)	(3,008,738)	(2,240,417)
Administrative expenses		(396,231)	(331,379)	(751,376)	(621,333)
Operating profit		7,072,606	1,835,210	10,419,937	3,110,927
Finance costs		(906,632)	(609,200)	(1,612,198)	(1,260,052)
Unwinding cost of GIDC payable	7	(233,628)	(322,872)	(491,570)	(668,758)
Other expenses	18	(2,921,622)	(422,024)	(3,870,641)	(549,872)
		3,010,724	481,114	4,445,528	632,245
Other income	19	3,250,646	2,483,162	4,366,446	4,038,163
Profit before taxation		6,261,370	2,964,276	8,811,974	4,670,408
Taxation - net	20	(4,478,183)	(354,882)	(5,401,924)	(794,610)
Profit after taxation		1,783,187	2,609,394	3,410,050	3,875,798
Earnings per share - basic and diluted (Rupees)		1.38	2.03	2.64	3.01

The annexed notes, from 1 to 24, form an integral part of these condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



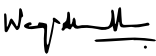
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)


FOR THE HALF YEAR ENDED JUNE 30, 2022

	Quarter ended June 30,		Half year ended June 30,	
	2022	2021	2022	2021
	(Rupees '000)		(Rupees '000)	
Profit after taxation	1,783,187	2,609,394	3,410,050	3,875,798
Other comprehensive income				
<i>items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of post employment benefit obligation	-	24,104	-	24,104
Total comprehensive income	1,783,187	2,633,498	3,410,050	3,899,902

The annexed notes, from 1 to 24, form an integral part of these condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Share capital	Advance against issue of shares	Capital reserve	Accumulated profit	Total
	(Rupees '000)				
Balance as at January 01, 2021 - audited	9,341,100	4,885,787	228,350	(495,832)	13,959,405
Total comprehensive income					
Profit after taxation for the period	-	-	-	3,875,798	3,875,798
Other comprehensive income for the period	-	-	-	24,104	24,104
Total comprehensive income for the period	-	-	-	3,899,902	3,899,902
Advance against issue of shares	-	114,213	-	-	114,213
Issue of share capital	3,571,429	(5,000,000)	1,428,571	-	-
Transaction costs	-	-	(24,192)	-	(24,192)
Balance as at June 30, 2021	<u>12,912,529</u>	<u>-</u>	<u>1,632,729</u>	<u>3,404,070</u>	<u>17,949,328</u>
Balance as at January 01, 2022 - audited	12,912,529	-	1,632,729	5,885,488	20,430,746
Total comprehensive income					
Profit after taxation for the period	-	-	-	3,410,050	3,410,050
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,410,050	3,410,050
Balance as at June 30, 2022	<u>12,912,529</u>	<u>-</u>	<u>1,632,729</u>	<u>9,295,538</u>	<u>23,840,796</u>

The annexed notes, from 1 to 24, form an integral part of these condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



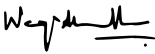
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2022

	Note	Half year ended June 30,	
		2022	2021
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operating activities	21	(14,896,610)	(1,755,670)
Income tax paid		(3,030,315)	(1,333,124)
Finance costs paid		(1,369,004)	(1,394,269)
Compensated absences paid		(15,486)	(102,134)
Payment to Workers' (Profit) Participation Fund		(131,344)	(261,665)
Net cash used in operating activities		(19,442,759)	(4,846,862)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures and advances		(135,923)	(250,780)
Sale proceeds from disposal of property, plant and equipment		23,149	21,316
Investment at fair value through profit and loss - net		8,305,762	-
Investment at amortized cost - net		(483,938)	-
Dividend received		-	2,826,248
Long term loans disbursed		(801,452)	(2,315,198)
Profit received on bank balances and term deposits		1,207,276	484,677
Net cash generated from investing activities		8,114,874	766,263
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance against issuance of shares - net of transaction cost		-	90,021
Long term loan - receipt		-	2,000,000
Long term loan - repaid		(2,179,164)	(3,429,164)
Short term borrowings - net		(200,000)	(2,360,516)
Dividend paid / returned for prior periods		(108)	153
Net cash used in financing activities		(2,379,272)	(3,699,506)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(13,707,157)	(7,780,105)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		29,442,118	13,676,354
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		15,734,961	5,896,249
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the condensed interim statement of cash flows comprise the following condensed interim statement of financial position amounts:			
- Cash and bank balances		21,666,501	18,701,959
- Short term running finance		(5,931,540)	(12,805,710)
		15,734,961	5,896,249

The annexed notes, from 1 to 24, form an integral part of these condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2022

1 THE COMPANY AND ITS OPERATIONS

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

- 1.1 The Company's Gas Supply Agreement (GSA) with Sui Southern Gas Company Limited (SSGCL) expired on December 31, 2020. The Economic Coordination Committee (ECC) in its meeting dated February 03, 2021, as ratified by Federal Cabinet on February 09, 2021, approved allocation of indigenous natural gas for next five years on "as and when available basis" at existing gas prices till December 31, 2021. The Company's gas supply was resumed effective February 11, 2021 and a side letter was signed between FFBL and SSGCL to formalize arrangement regarding supply of gas which continue to apply to gas supply till date. Government of Pakistan is in the process of finalizing uniform gas price across the fertilizer sector. Management is confident that the formal addendum to GSA will be signed shortly.

2 BASIS OF PREPARATION

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

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

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

The disclosures in these condensed interim financial statements do not include the information reported for complete annual financial statements and should therefore be read in conjunction with the financial statements for the year ended December 31, 2021. The comparative Statement of Financial Position is extracted from the annual financial statements, as of December 31, 2021, whereas the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity are extracted from the un-audited condensed interim financial statements, for the half year ended June 30, 2021.

These condensed interim financial statements are unaudited and are being submitted to the members, as required under Section 237 of the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019. The condensed interim consolidated financial statements of the Company are prepared separately.

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

3 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are similar to those applied in the preparation of the financial statements for the preceding year, ended December 31, 2021.

The significant estimates and judgements adopted for the preparation of these condensed interim financial statements are similar to those applied in the preparation of the financial statements for the preceding year, ended December 31, 2021 except for the following:

- Expected credit loss in respect of subsidy receivable – Updation of discount rate and pattern of recovery resulting from changes in economic conditions and planned government outlays.
- Recoverable value of equity investment in Fauji Meat Limited (FML) – Updation of discount rate resulting from changes in economic conditions and lapse of time.
- Recoverable value of equity investment in Fauji Foods Limited (FFL) – Updation of discount rate and updated long term cashflow projections resulting from changes in economic conditions.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

4 IMPACT OF COVID-19

On January 31, 2020, the World Health Organization (WHO) announced a global health emergency due to Corona virus. Because of the rapid increase in exposure globally, on March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The Government of Pakistan has from time to time imposed temporary restrictions on movement. The Company has adopted the required regulations.

5 SHARE CAPITAL

5.1 The status of significant shareholdings, as at June 30, 2022, are given below:

	No. of Shares	Percentage (%)
Fauji Fertilizer Company Limited	644,018,629	49.88
Fauji Foundation	236,161,393	18.29

	June 30, 2022 (Un - audited)	December 31, 2021 (Audited)
Note	(Rupees '000)	

6 LONG TERM LOANS

Loans from banking companies - secured	18,745,842	20,925,006
Less: Current portion shown under current liabilities	5,245,830	4,691,661
	13,500,012	16,233,345

7 DEFERRED LIABILITIES

Compensated leave absences	491,227	493,240
Deferred taxation	7.1 1,075,939	1,150,299
Payable against GIDC	7.2 5,518,592	7,818,752
	7,085,758	9,462,291

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

Accelerated tax depreciation	1,632,178	1,487,686
Remeasurement gain on GIDC	328,497	431,236
Provision for inventory obsolescence	(92,076)	(76,565)
Allowance of expected credit loss against other receivables	(427,259)	(370,948)
Provision against allowance for input sales tax	(365,401)	(321,110)
	1,075,939	1,150,299

Upon promulgation of Finance Act, 2022, the applicable rate has increased from 29% to 33%.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

		June 30, 2022 (Un - audited)	December 31, 2021 (Audited)
	Note	(Rupees '000)	
7.2 Payable against GIDC			
Opening balance		20,846,828	19,592,989
Unwinding cost of GIDC		491,570	1,253,839
		21,338,398	20,846,828
Current portion of GIDC	8	(15,819,806)	(13,028,076)
		5,518,592	7,818,752

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

		June 30, 2022 (Un - audited)	December 31, 2021 (Audited)
	Note	(Rupees '000)	
8 TRADE AND OTHER PAYABLES			
Creditors	8.1	52,389,595	26,686,510
Payable against GIDC	7.2	15,819,806	13,028,076
Accrued liabilities		6,449,399	5,170,574
Workers' (Profit) Participation Fund		472,229	130,093
Workers' Welfare Fund		1,209,156	1,048,768
Payable to gratuity fund		227,922	197,715
Payable to provident fund		-	370
Security deposits		86,513	18,500
Other payables		153,412	504,957
		76,808,032	46,785,563

8.1 Creditors include payables to related parties amounting to Rs. 49,527,293 thousands (December 31, 2021: Rs. 25,535,207 thousands) against purchase of raw material, steam and power; including provision of Rs. 471,960 thousands (December 31, 2021: Rs. Nil) in respect of change in in prior years and current period rate applicable for purchase of power in prior years and current period, pursuant to provision of Power Purchase Agreement.

		June 30, 2022 (Un - audited)	December 31, 2021 (Audited)
	Note	(Rupees '000)	
9 CONTINGENCIES AND COMMITMENTS			
Contingencies			
i) Guarantees issued by banks on behalf of the Company	9.1	237,163	73,200
Commitments			
i) Capital expenditure - contracted		251,357	164,044
ii) Letters of credit for purchase of stores, spares and raw materials		1,149,184	1,128,973

For further commitments refer note 22.

9.1 There has been no change in the status of contingent liabilities, other than those specified, from the preceding year ended December 31, 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

		June 30, 2022 (Un - audited)	December 31, 2021 (Audited)
	Note	(Rupees '000)	
10	PROPERTY, PLANT AND EQUIPMENT		
	Opening written down value	10,574,734	11,252,052
	Additions during the period / year	154,162	307,670
	Transfer upon amalgamation of subsidiary	-	831
	Cost of disposals during the period / year	(27,257)	(102,360)
	Depreciation charged during the period / year	(483,952)	(964,056)
	Accumulated depreciation on disposals during the period / year	22,241	80,597
		10,239,928	10,574,734
11	LONG TERM INVESTMENTS		
	Joint venture	11.1 1,411,150	1,411,150
	Associated companies	11.2 5,230,991	5,230,991
	Subsidiary companies	11.3 22,999,351	18,967,391
	Other long term investments	11.4 -	-
		29,641,492	25,609,532
11.1	Investment in joint venture - at cost		
	Pakistan Maroc Phosphore S.A, Morocco	1,411,150	1,411,150
11.2	Investments in associates - at cost		
	Quoted		
	Askari Bank Limited	5,230,991	5,230,991
11.3	Investments in subsidiaries - at cost		
	Quoted		
	Fauji Foods Limited		
	Gross value	13,346,766	13,346,766
	Impairment in value of investment	(820,000)	(820,000)
		11.5 12,526,766	12,526,766
	Un-quoted		
	Fauji Meat Limited		
	Gross value	11.6 10,916,960	6,885,000
	Impairment in value of investment	(6,885,000)	(6,885,000)
		12.1 4,031,960	-
	FFBL Power Company Limited	6,440,625	6,440,625
		22,999,351	18,967,391
11.4	Investment - available for sale - unquoted		
	Arabian Sea Country Club Limited (ASCLL) 300,000 ordinary shares of Rs.10 each	3,000	3,000
	Impairment in value of investment	(3,000)	(3,000)
		-	-

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

FOR THE HALF YEAR ENDED JUNE 30, 2022

11.5 As at reporting date, the Company performed impairment testing for its investment in Fauji Foods Limited (FFL) owing to developments in economic environment and inflationary impacts. The Company calculated value-in-use for its equity investment in FFL, on the basis of the expectation of cashflows from operations, as reflected in the updated cashflow projections approved by the Board of Directors of FFL. Discount rate of 13.10% (2021: 12.99%) and long term growth rate of 6.5% (2021: 5%) upon restructuring of growth in future cash flows. Based on the calculations, the recoverable amount was higher than the carrying amount of the investment. Accordingly, no impairment charge was recognized in the condensed interim statement of profit or loss.

11.6 Pursuant to the approval in Board meeting of the Company, held on January 26, 2022, the Company communicated its intention, to the Board of Directors of Fauji Meat Limited (FML), to exercise the option to convert its sub-ordinated loan and related accrued mark-up, amounting to Rs. 7,000,000 thousand and Rs. 581,094 thousand, respectively, into 758,109,400 ordinary shares of FML, at their face value, resulting in total holding of shares to 1,446,609,400 (95.07%). Accordingly, FML, after completing the necessary regulatory requirements and pursuant to approval of its members, has allocated 758,109,400 ordinary shares to the Company, on March 25, 2022.

		June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
	Note	(Rupees '000)	
12	LONG TERM LOANS		
	Related parties - unsecured		
	Fauji Meat Limited (FML)	-	3,230,509
12.1	Movement in balance is as follows:		
	Opening balance - Fauji Meat Limited (FML)	6,198,549	1,065,318
	Loan given during the period / year	801,451	5,133,231
		7,000,000	6,198,549
	Allowance for expected credit loss	(2,968,040)	(2,968,040)
		4,031,960	3,230,509
	Transferred to investment	(4,031,960)	-
		-	3,230,509

During the period, a tranche of Rs. 801 million was disbursed to FML out of Rs. 3,500 million (unless otherwise utilized) which was approved in the Company's Annual General Meeting on March 29, 2021. Subsequently all of the sub-ordinated loan was converted into ordinary shares of FML, at their face value.

13 STOCK IN TRADE

This includes finished goods stock amounting to Rs. 23,231,312 thousands (December 31, 2021: Rs. 125,185 thousands) and raw material in transit amounting to Rs. 13,050,155 thousands (December 31, 2021: Rs. 5,314,957 thousands).

14 OTHER RECEIVABLES

This includes an amount of Rs. 8,239,197 thousands (December 31, 2021: Rs. 2,523,902 thousands) receivable from Fauji Fertilizer Company Limited (FFCL), an associated company, on account of amounts received from customers against sales of the Company's products by FFCL under an inter-company services agreement.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

		June 30, 2022 (Un - audited)	December 31, 2021 (Audited)
	Note	(Rupees '000)	
15	SHORT TERM INVESTMENTS		
	Amortized cost		
	Term deposits with banks and financial institutions	15.1	2,100,000
	Treasury bills	15.2	-
	Investments at fair value through profit or loss		
	Mutual Funds	-	8,341,700
		483,938	10,441,700

15.1 These deposits carried interest rate at 10.75% to 14.25% per annum and were encashed during the period.

15.2 These are 3 months treasury bills maturing on August 11, 2022 and carry interest rate at 14.42% per annum.

	Note	Quarter ended June 30,		Half year ended June 30,	
		2022	2021	2022	2021
		(Rupees '000)		(Rupees '000)	
16	SALES - NET				
Gross sales		47,092,147	17,260,959	72,379,201	30,517,695
Less:					
Sales tax		936,367	343,591	1,434,832	591,465
Commission	16.1	6,816	5,262	11,438	8,992
		943,183	348,853	1,446,270	600,457
		46,148,964	16,912,106	70,932,931	29,917,238

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Quarter ended June 30,		Half year ended June 30,	
	2022	2021	2022	2021
	(Rupees '000)		(Rupees '000)	
17 COST OF SALES				
Raw materials consumed	39,128,893	16,512,781	67,425,492	24,301,642
Packing materials consumed	345,611	320,734	634,294	454,347
Fuel and power	5,122,949	3,189,669	9,250,976	5,313,601
Chemicals and supplies consumed	59,495	49,055	108,751	88,810
Salaries, wages and benefits	482,881	803,067	1,039,837	1,110,891
Rent, rates and taxes	12,345	75,907	24,649	90,806
Insurance	37,981	29,829	72,281	66,661
Travel and conveyance	41,126	29,427	81,022	56,998
Repairs and maintenance	501,328	202,484	678,419	539,967
Communication, establishment and other expenses	57,119	77,792	115,650	121,981
Provision for slow moving stores and spares	7,500	18,000	15,000	36,000
Provision for sales tax	-	400,000	-	400,000
Depreciation	206,392	204,271	411,433	402,564
Opening stock - work in process	30,666	84,552	42,120	100,364
Closing stock - work in process	(40,917)	(85,466)	(40,917)	(85,466)
Cost of goods manufactured	45,993,369	21,912,102	79,859,007	32,999,166
Opening stock - finished goods	14,596,150	780,360	125,185	221,132
Closing stock - finished goods	(23,231,312)	(9,275,737)	(23,231,312)	(9,275,737)
	37,358,207	13,416,725	56,752,880	23,944,561
18 OTHER EXPENSES				
Workers' (Profit) Participation Fund	334,353	159,877	472,229	252,083
Workers' Welfare Fund	91,338	73,392	160,388	119,168
Expected credit loss against other receivable and accrued mark-up	9,906	132,000	185,711	132,000
Exchange loss	2,484,867	56,493	3,050,391	45,609
Others	1,158	262	1,922	1,012
	2,921,622	422,024	3,870,641	549,872
19 OTHER INCOME				
Dividend from PMP	2,511,075	547,511	2,511,075	547,511
Dividend from FPCL	-	1,350,000	-	1,350,000
Dividend from AKBL	-	-	-	815,652
Dividend from FWEL-I & FWEL-II	-	-	-	218,750
Profit on bank balances and term deposits	285,102	204,873	815,833	484,679
Fair value gain and related income on mutual funds	136,656	-	333,585	-
Mark-up on sub-ordinated loans	-	181,011	179,248	333,809
Income from subsidiaries	211,589	138,977	353,462	199,486
Guarantee fee	3,739	7,478	32,548	14,876
Scrap sale and other receipts	85,065	51,040	122,562	70,482
Gain on disposal of property, plant and equipment	17,420	2,272	18,133	2,918
	3,250,646	2,483,162	4,366,446	4,038,163

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

22 RELATED PARTY TRANSACTIONS

The Company has related parties which comprise of subsidiaries, a joint venture, entities under common directorship, directors, key management personnel, share holders and employees funds. Fauji Fertilizer Company Limited (FFCL) has a 49.88% share holding in the Company (2021: 49.88%), while Fauji Foundation (FF) holds 18.29% shares (2021: 18.29%) in the Company. Transactions with related parties and balances outstanding, other than those have been disclosed elsewhere in these condensed interim financial statements are given below. The carrying values of investments, subordinated loans and balance receivable from related parties are disclosed in note 11, 12 and 14 to these condensed interim financial statements.

	Half year ended June 30,	
	2022	2021
	(Rupees '000)	
Transactions with Fauji Foundation:		
Services received	42,074	60,140
Services provided	886	-
Payments against services	46,440	20,240
Donation paid	44,330	12,400
Balance payable	18,750	24,002 *
Transactions with subsidiary companies:		
Fauji Meat Limited		
Balance receivable	83,772	68,179 *
Material / services provided	15,593	18,148
Guarantee fee	-	7,438
Receipt against guarantee fee and markup	34,240	-
Mark-up on sub-ordinated loan	179,248	71,425
Conversion into equity investment	4,031,960	-
Guarantee fee and mark-up receivable	-	436,086 *
FFBL Power Company Limited		
Material / services provided	882,895	339,934
Material / services received	10,495,905	4,916,362
Balance payable	2,580,121	1,530,560 *
Balance receivable	618,963	112,857 *
Receipts against material / services	376,789	307,001
Payments against material / services	9,446,344	5,449,125
Dividend received	-	1,350,000
Fauji Foods Limited		
Material / services provided	7,479	6,655
Material / services received	8	98
Receipts against material / services	1,511	7,579
Balance receivable	5,960	-
Guarantee fee	7,438	7,438
Receipt against guarantee fee	26,790	-
Mark-up on sub-ordinated loan	-	262,384
Guarantee fee and mark-up receivable	731,188	750,540 *

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Half year ended June 30,	
	2022	2021
	(Rupees '000)	
Transactions with associates:		
Fauji Fertilizer Company Limited		
Services and material received	591,332	527,722
Services and material provided	-	1,017
Receipts under consignment account	60,161,223	30,107,408
Commission charged	11,438	8,992
Balance receivable	8,239,197	2,523,902
Askari Bank Limited		
Balances at bank	7,965,382	16,264,836
Profit on bank balances	266,667	206,782
Long term loans	166,667	250,000
Mark-up on long term loans	5,644	14,589
Mark-up payable on long term loans	5,644	5,381
Dividend received	-	815,652
Pakistan Maroc Phosphore S.A, Morocco		
Purchase of raw materials	67,149,521	21,970,342
Expenses incurred on behalf of joint venture	5,229	485
Balance payable - secured	46,947,172	24,004,647
Balance receivable - unsecured	2,521,519	8,852
Dividend received	-	441,847
Other related parties:		
Contribution to provident fund	33,782	33,408
Payment to Workers' (Profit) Participation Fund	131,344	261,665
Meeting fee to directors	8,900	15,850
Balance payable - unsecured (WPPF & WWF)	1,681,385	1,178,861
Payable to gratuity fund	227,922	197,715
Remuneration of key management personnel		
Short term benefits	133,416	85,615
Post employment benefits	12,350	16,279

* These balance of accounts, appearing as comparatives, are as at December 31, 2021 (audited).

In addition to the above:

- the Company has provided sponsor support, to lenders of project financing arranged by FPCL, to fund any shortfall, to the extent FPCL is unable to fulfill its financial obligations:
 - (i) up to Rs. 29,150 million (2021: Rs. 29,150 million) and all cost over runs, till technical completion date; and
 - (ii) up to Rs. 8,000 million after project completion date.
- the Company has issued standby letter of credit amounting to Rs. 1,000 million in favor of the FFL under the Master Facility Agreement.
- the Company has also provided a revolving guarantee amounting to Rs. 6,067 million in favor of the FFL under the Master Facility Agreement. During the period, the Company's members have approved roll-over of accrued mark-up for a period of one year.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

23 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

23.1 Financial risk factors

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

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

23.2 Fair value estimation

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

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

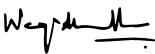
	Level 1	Level 2	Level 3
	(Rupees' 000)		
June 2022 - un-audited			
ASSETS			
Financial assets at fair value through profit or loss			
- Short term investments	-	-	-
December 2021 - audited			
ASSETS			
Financial assets at fair value through profit or loss			
- Short term investments	8,341,700	-	-

24 GENERAL

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

24.2 Corresponding figures have been re-arranged / re-classified, wherever necessary, for the purpose of comparison.

24.3 These condensed interim financial statements were authorized for issue on July 25, 2022 by the Board of Directors of the Company.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS

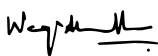
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

		June 30, 2022 (Un - audited)	December 31, 2021 (Audited)
	Note	(Rupees '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	5	12,912,529	12,912,529
Capital reserve			
Share premium		1,632,729	1,632,729
Statutory reserve		2,561,499	2,352,571
Revenue reserves			
Translation reserve		4,327,672	4,055,119
Revaluation reserve on available for sale investments, net of tax		(1,331,214)	(517,348)
Accumulated profit		11,547,174	8,115,887
		31,650,389	28,551,487
Non controlling interest			
		4,823,327	4,380,785
		36,473,716	32,932,272
NON CURRENT LIABILITIES			
Long term loans	6	29,480,418	33,516,088
Lease liabilities		120,017	156,403
Deferred liabilities	7	10,605,862	12,669,019
		40,206,297	46,341,510
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	8	76,545,220	48,543,202
Advances from customers		2,361,929	5,908,825
Unpaid dividend		10,954	10,954
Unclaimed dividend		117,725	117,833
Provision for income tax - net		1,277,408	-
Accrued interest		1,018,258	830,481
Short term borrowings		15,081,194	18,922,181
Current portion of long term loans	6	7,754,215	7,028,305
Current portion of lease liabilities		72,173	67,162
		104,239,076	81,428,943
		180,919,089	160,702,725
CONTINGENCIES AND COMMITMENTS			
	9		

The annexed notes, from 1 to 25, form an integral part of these condensed interim consolidated financial statements.

		June 30, 2022 (Un - audited)	December 31, 2021 (Audited)
	Note	(Rupees '000)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	10	47,200,311	47,848,922
Intangible assets		401,940	410,856
Long term investments	11	20,652,209	20,468,042
Investment property	12	270,242	270,242
Long term advances		20,874	39,113
Long term deposits		85,249	85,249
		68,630,825	69,122,424
CURRENT ASSETS			
Stores and spares		2,720,361	2,594,274
Stock in trade	13	45,804,478	12,621,736
Trade debts		5,328,834	2,061,629
Advances		735,657	962,732
Trade deposits and short term prepayments		157,859	307,491
Interest accrued		34,098	5,579
Other receivables	14	12,743,449	4,524,065
Income tax refundable - net		-	1,213,785
Sales tax refundable - net		18,150,030	13,995,728
Short term investments	15	2,258,938	13,943,049
Cash and bank balances		24,354,560	39,350,233
		112,288,264	91,580,301
		180,919,089	160,702,725



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

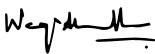


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Note	Quarter ended June 30,		Half year ended June 30,	
		2022	2021	2022	2021
		(Rupees '000)		(Rupees '000)	
Sales - net	16	51,397,315	21,151,387	80,310,579	38,607,295
Cost of sales	17	(40,505,970)	(15,682,548)	(62,494,907)	(28,983,443)
Gross profit		10,891,345	5,468,839	17,815,672	9,623,852
Selling and distribution expenses		(1,736,196)	(1,776,168)	(3,801,667)	(2,967,434)
Administrative expenses		(622,254)	(531,200)	(1,198,399)	(980,771)
Operating profit		8,532,895	3,161,471	12,815,606	5,675,647
Finance costs		(1,728,330)	(1,238,450)	(3,130,140)	(2,535,496)
Unwinding cost of GIDC payable	7	(233,628)	(322,872)	(491,570)	(668,758)
Other expenses	18	(3,193,483)	(2,046,661)	(4,019,926)	(2,214,533)
		3,377,454	(446,512)	5,173,970	256,860
Other income	19				
Share of profit of associates and joint venture - net		1,502,968	1,134,563	3,380,175	1,889,885
Others		633,328	361,505	1,510,242	786,398
		2,136,296	1,496,068	4,890,417	2,676,283
Profit before taxation		5,513,750	1,049,556	10,064,387	2,933,143
Taxation - net	20	(4,629,611)	(393,028)	(5,980,819)	(1,054,316)
Profit after taxation		884,139	656,528	4,083,568	1,878,827
Attributable to:					
- Owners of the Holding Company		861,643	534,395	4,054,507	1,656,383
- Non controlling interest		22,496	122,133	29,061	222,444
		884,139	656,528	4,083,568	1,878,827
Earnings per share - basic and diluted (Rupees)		0.67	0.41	3.14	1.29

The annexed notes, from 1 to 25, form an integral part of these condensed interim consolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

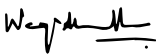


CHIEF FINANCIAL OFFICER

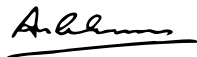
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Quarter ended June 30,		Half year ended June 30,	
	2022	2021	2022	2021
	(Rupees '000)		(Rupees '000)	
Profit after taxation	884,139	656,528	4,083,568	1,878,827
Other comprehensive income / (loss)				
Exchange difference on translating a joint venture	21,336	(351,569)	230,682	(320,076)
Effect of translation - share of associate	27,550	(20,709)	41,871	(41,533)
Revaluation reserve on available for sale investments	(286,870)	(401,119)	(957,490)	(558,576)
Related deferred tax	43,031	60,167	143,624	83,786
	(243,839)	(340,952)	(813,866)	(474,790)
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of post employment benefits obligation	-	24,104	-	24,104
Total comprehensive income / (loss)	689,186	(32,598)	3,542,255	1,066,532
Attributable to:				
- Owners of the Holding Company	666,690	(154,731)	3,513,194	844,088
- Non controlling interest	22,496	122,133	29,061	222,444
	689,186	(32,598)	3,542,255	1,066,532

The annexed notes, from 1 to 25, form an integral part of these condensed interim consolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

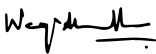


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Share capital	Advance against issue of shares	Capital reserve		Revenue reserve		Non controlling interest	Total	
			Share Premium	Statutory reserve	Translation reserve	Revaluation reserve on available for sale investments			Accumulated profit
(Rupees '000)									
Balance as at January 01, 2021 - audited	9,341,100	4,885,787	228,350	1,880,710	3,575,458	(32,845)	208,226	2,361,285	22,448,071
Total comprehensive income									
Profit for the period after taxation	-	-	-	-	-	-	1,656,383	222,444	1,878,827
Other comprehensive loss for the period	-	-	-	-	(361,609)	(474,790)	24,104	-	(812,295)
Total comprehensive income for the period	-	-	-	-	(361,609)	(474,790)	1,680,487	222,444	1,066,532
Transfer to statutory reserve	-	-	-	224,178	-	-	(224,178)	-	-
Advance against issue of shares	-	114,213	-	-	-	-	-	-	114,213
Issue of share capital	3,571,429	(5,000,000)	1,428,571	-	-	-	-	-	-
Share issuance cost	-	-	(24,192)	-	-	-	-	-	(24,192)
Transactions with owners recorded directly in equity									
FPCL - Interim dividend for half year ended June 30, 2021	-	-	-	-	-	-	-	(450,000)	(450,000)
Balance as at June 30, 2021	12,912,529	-	1,632,729	2,104,888	3,213,849	(507,635)	1,664,535	2,133,729	23,154,624
Balance as at January 01, 2022 - audited	12,912,529	-	1,632,729	2,352,571	4,055,119	(517,348)	8,115,887	4,380,785	32,932,272
Total comprehensive income									
Profit for the period after taxation	-	-	-	-	-	-	4,054,507	29,061	4,083,568
Other comprehensive loss for the period	-	-	-	-	272,553	(813,866)	-	-	(541,313)
Total comprehensive income for the period	-	-	-	-	272,553	(813,866)	4,054,507	29,061	3,542,255
Transfer to statutory reserve	-	-	-	208,928	-	-	(208,928)	-	-
Transaction cost	-	-	-	-	-	-	-	(811)	(811)
NCI acquisition (note 5.2)	-	-	-	-	-	-	(414,292)	414,292	-
Balance as at June 30, 2022	12,912,529	-	1,632,729	2,561,499	4,327,672	(1,331,214)	11,547,174	4,823,327	36,473,716

The annexed notes, from 1 to 25, form an integral part of these condensed interim consolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

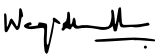


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Note	Half year ended June 30,	
		2022	2021
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	21	(13,789,506)	(1,587,584)
Income tax paid		(3,117,980)	(1,511,297)
Payment to gratuity fund		(17,243)	(24,688)
Finance cost paid		(2,911,742)	(2,383,188)
Compensated absences paid		(7,815)	(113,079)
Payment to Workers' Welfare Fund		(1,251)	(5,876)
Payment to Workers' (Profit) Participation Fund		(138,801)	(280,400)
Net cash used in operating activities		(19,984,338)	(5,906,112)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures and advances		(733,310)	(416,999)
Intangibles		-	(1,133)
Dividend received		-	1,476,248
Sale proceeds of property, plant and equipment		28,151	136,541
Investment at fair value through profit or loss - net		8,305,762	-
Investment at amortized cost - net		(483,938)	-
Profit received on bank balances and term deposits		1,258,600	547,257
Net cash generated from investing activities		8,375,265	1,741,914
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings - net		(200,000)	(2,137,861)
Long term loans		(3,326,234)	(3,327,183)
Advance against issue of shares - net of transaction cost		-	90,021
Finance lease liability		(45,620)	(48,080)
Dividend paid for prior periods		(108)	(449,847)
Net cash used in financing activities		(3,571,962)	(5,872,950)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(15,181,035)	(10,037,148)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		28,458,375	11,673,800
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		13,277,340	1,636,652
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the condensed interim consolidated statement of cash flows comprise the following condensed interim consolidated statement of financial position amounts:			
- Cash and bank balances		24,354,560	20,656,831
- Short term highly liquid investments	15	1,775,000	21,487
- Short term running finance		(12,852,220)	(19,041,666)
		13,277,340	1,636,652

The annexed notes, from 1 to 25, form an integral part of these condensed interim consolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2022

1 THE GROUP AND ITS OPERATIONS

Fauji Fertilizer Bin Qasim Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). The shares of the Company are quoted on Pakistan Stock Exchange (PSX). The registered office of FFBL is situated at FFBL Tower, C1/C2, Sector B, Jinnah Boulevard, DHA Phase II, Islamabad, Pakistan. The principal objective of FFBL is manufacturing, purchasing and marketing of fertilizers. FFBL commenced its commercial production effective January 01, 2000.

- 1.1 The Holdings Company's Gas Supply Agreement (GSA) with Sui Southern Gas Company Limited (SSGCL) expired on December 31, 2020. The Economic Coordination Committee (ECC) in its meeting dated February 03, 2021, as ratified by Federal Cabinet on February 09, 2021, approved allocation of indigenous natural gas for next five years on "as and when available basis" at existing gas prices till December 31, 2021. The Holding Company's gas supply was resumed effective February 11, 2021 and a side letter was signed between FFBL and SSGCL to formalize arrangement regarding supply of gas which continues to apply to gas supply till date. Government of Pakistan is in the process of finalizing uniform gas price across the fertilizer sector. Management is confident that the formal addendum to GSA will be signed shortly.

Fauji Fertilizer Bin Qasim Limited group comprises of Fauji Fertilizer Bin Qasim Limited (FFBL / the Holding Company) and its subsidiaries, Fauji Meat Limited (FML), FFBL Power Company Limited (FPCL) and Fauji Foods Limited (FFL) collectively referred as ("Group").

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

FFBL Power Company Limited is a public limited company incorporated on June 27, 2014 in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). The principal activity is generation and supply of electricity and all other forms of energy.

Fauji Foods Limited (FFL) was incorporated in Pakistan on September 26, 1966 as a public company and its shares are quoted on PSX. It is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products.

- 1.2 During the period ended 30 June 2022, FFL has incurred a loss after tax of Rs. 1,253.47 million (30 June 2021: Rs. 758.29 million), resulting in accumulated losses of Rs. 17,602.10 million (31 December 2021: Rs. 16,395.50 million) as of that date. Further, FFL's current liabilities exceed its current assets by Rs. 179.6 million (31 December 2021: current assets exceeded current liabilities by Rs 1,182.4 million). Accordingly, FFL's operations are being financed via further sponsor support / equity injection and high level of external debt. As at 30 June 2022, the FFL's total debt amounts to Rs. 7,945.94 million (31 December 2021: Rs. 7,972.41 million).

The Parent Company has committed the necessary continued financial support to FFL, including (but not limited to) equity injections and providing working capital as and when required. Further, the Parent Company is currently not demanding payments for interest accrued on FFL's borrowings, previously obtained from it. FFL's Sponsors have also provided security, on behalf of FFL, in respect of FFL's syndicate loan facility (amounting to Rs. 5,988.15 million, in the form of (a) a letter of credit amounting to Rs. 1 billion from Askari Bank Limited, a related party, and (b) a revolving corporate guarantee). FFL has also formulated business plan and is undertaking margin improvement initiatives and a differentiated marketing strategy to build efficiencies in the distribution channels. Based upon the above, the management has concluded that there is no uncertainty regarding going concern of FFL and accordingly, FFL's condensed interim financial statements have been prepared on a going concern basis.

2 BASIS OF PREPARATION

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

The disclosures in these condensed interim consolidated financial statements do not include the information reported for complete annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements for the year ended December 31, 2021. The comparative Consolidated Statement of Financial Position is extracted from the annual consolidated financial statements, as of December 31, 2021, whereas the Consolidated Statement of Profit or Loss and the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity are extracted from the unaudited condensed interim consolidated financial statements, for the half year ended June 30, 2021.

These condensed interim consolidated financial statements are unaudited and are being submitted to the members, as required under Section 237 of the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

3 ACCOUNTING POLICIES, SIGNIFICANT ESTIMATES AND JUDGEMENTS

The accounting policies and methods of computation adopted for the preparation of these condensed interim consolidated financial statements are similar to those applied in the preparation of the consolidated financial statements for the preceding year, ended December 31, 2021.

The significant estimates and judgements adopted for the preparation of these condensed interim consolidated financial statements are similar to those applied in the preparation of the financial statements for the preceding year, ended December 31, 2021 except for the following:

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

4 IMPACT OF COVID-19

On January 31, 2020, the World Health Organization (WHO) announced a global health emergency due to Corona virus. Because of the rapid increase in exposure globally, on March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The Government of Pakistan has from time to time imposed temporary restrictions on movement. The Group has adopted the required regulations.

5 SHARE CAPITAL

5.1 Group consists of following subsidiary companies:

	Ownership in 2022	Ownership in 2021
Fauji Meat Limited (FML)	95.07%	90.18%
FFBL Power Company Limited (FPCL)	75.00%	75.00%
Fauji Foods Limited (FFL)	71.63%	71.63%

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

5.2 Pursuant to the approval in Board meeting of the Holding Company, held on January 26, 2022, the Holding Company communicated its intention, to the Board of Directors of Fauji Meat Limited (FML), to exercise the option to convert its sub-ordinated loan and related accrued mark-up, amounting to Rs. 7,000,000 thousand and Rs. 581,094 thousand, respectively, into 758,109,400 ordinary shares of FML, at their face value, resulting in total holding of shares to 1,446,609,400 (95.07%). Accordingly, FML, after completing the necessary regulatory requirements and pursuant to approval of its members, has allocated 758,109,400 ordinary shares to the Holding Company, on March 25, 2022.

June 30, 2022 (Un - audited)	December 31, 2021 (Audited)
(Rupees '000)	

6 LONG TERM LOANS

Loans from banking companies - secured	37,234,633	40,544,393
Less: Current portion shown under current liabilities	7,754,215	7,028,305
	29,480,418	33,516,088

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

		June 30, 2022 (Un - audited)	December 31, 2021 (Audited)
	Note	(Rupees '000)	
7	DEFERRED LIABILITIES		
	Compensated leave absences	694,059	685,082
	Deferred taxation	4,393,211	4,165,185
	Payable against Gas Infrastructure Development Cess (GIDC)	5,518,592	7,818,752
		10,605,862	12,669,019
7.1	DEFERRED TAXATION - NET		
	The balance of deferred tax is in respect of the following taxable / (deductible) temporary differences:		
	Accelerated tax depreciation	3,180,257	3,015,798
	Share of profit of joint venture and associates - net	1,751,957	1,621,591
	Share of profit of subsidiary	1,285,055	1,043,004
	Remeasurement gain on GIDC	328,498	431,236
	Provision for inventory obsolescence	(129,643)	(116,245)
	Provision for doubtful other receivables	(399,614)	(351,176)
	Deferred tax on revaluation of available for sale investments	(245,901)	(102,277)
	Provision against allowance for input sales tax	(365,401)	(321,110)
	Unabsorbed losses, tax credits and others	(1,011,997)	(1,055,636)
		4,393,211	4,165,185

Upon promulgation of Finance Act, 2022, the applicable rate has increased from 29% to 33%.

		June 30, 2022 (Un - audited)	December 31, 2021 (Audited)
	Note	(Rupees '000)	
7.2	Payable against GIDC		
	Opening balance	20,846,828	19,592,989
	Unwinding cost of GIDC	491,570	1,253,839
		21,338,398	20,846,828
	Current portion of GIDC	(15,819,806)	(13,028,076)
		5,518,592	7,818,752

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

		June 30, 2022	December 31, 2021
		(Un - audited)	(Audited)
	Note	(Rupees '000)	
8	TRADE AND OTHER PAYABLES		
Creditors	8.1	50,832,958	27,194,489
Payable against GIDC	7.2	15,819,806	13,028,076
Accrued liabilities		7,285,753	6,121,059
Workers' (Profit) Participation Fund		560,582	137,980
Workers' Welfare Fund		1,215,165	1,051,034
Payable to gratuity fund		294,810	271,085
Payable to provident fund		17,749	14,366
Security deposits		102,038	51,329
Withholding tax payable		122,210	99,679
Sales tax payable		6,890	9,928
Other payables		287,259	564,177
		76,545,220	48,543,202

8.1 Creditors include payables to a related party amounting to Rs. 46,947,172 thousands (December 31, 2021: Rs. 24,004,647 thousands) against purchase of raw material.

		June 30, 2022	December 31, 2021
		(Un - audited)	(Audited)
	Note	(Rupees '000)	
9	CONTINGENCIES AND COMMITMENTS		
	Contingencies		
i)	Guarantees issued by banks on behalf of FFBL	237,163	73,200
ii)	Group's share of contingent liabilities of Askari Bank Limited as at March 31, 2022 (September 30, 2021)	59,898,310	56,970,121
iii)	Contingent liabilities of FML	365,188	365,188
iv)	Contingent liabilities of FFL	370,432	523,282
v)	Contingent liabilities of FPCL	-	585,773
	Commitments		
i)	Capital expenditures - FFBL	251,357	164,044
ii)	Letters of credit - FFBL	1,149,184	1,128,973
iii)	Group's share of commitments of PMP as at March 31, 2022 (September 30, 2021)	100,396	76,951
iv)	Group's share of commitments of Askari Bank Limited as at March 31, 2022 (September 30, 2021)	100,832,675	91,593,283
v)	Commitments of FPCL	2,267,579	1,645,239
vi)	Commitments of FFL	41,270	7,510

For further commitments refer note 22.

9.1 There has been no change in the status of contingent liabilities, other than those specified, from the preceding year ended December 31, 2021.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	June 30, 2022 (Un - audited)	December 31, 2021 (Audited)
	(Rupees '000)	
10	PROPERTY, PLANT AND EQUIPMENT	
Opening written down value	47,848,922	50,286,924
Additions during the period / year	751,549	598,655
Termination of lease	-	(136,943)
Disposals during the period / year	(46,437)	(329,039)
Depreciation during the period / year	(1,389,697)	(2,761,263)
Depreciation charged on disposals during the period / year	34,628	224,047
Adjustments during the period / year	1,346	(33,459)
	47,200,311	47,848,922
11	LONG TERM INVESTMENTS	
	Investment in joint venture - equity method	
	Pakistan Maroc Phosphore S.A, Morocco	
Opening balance	8,949,117	6,400,564
Share of profit	1,974,257	2,668,508
Dividend	(2,511,074)	(577,634)
Effect of translation	230,684	457,679
Closing balance	8,642,984	8,949,117
	Investment in associate - equity method	
	Askari Bank Limited	
Opening balance	11,518,925	10,842,709
Share of profit	1,405,918	2,039,888
Dividend	-	(815,652)
Revaluation reserve of available for sale investments	(957,489)	(570,002)
Effect of translation	41,871	21,982
Closing balance	12,009,225	11,518,925
	Investment - available for sale - unquoted	
	Arabian Sea Country Club Limited (ASCLL) 300,000 ordinary shares of Rs. 10 each	
	3,000	3,000
Impairment in value of investment	(3,000)	(3,000)
	-	-
	20,652,209	20,468,042
12	INVESTMENT PROPERTY- AT COST	
Carrying amount as at beginning of the period	270,242	-
Transfer from non-current asset held for sale	-	270,242
Carrying amount as at end of the period	270,242	270,242

This represents freehold land located at Pindi Bhattian owned by the Holding Company and is held for capital appreciation and earning rental income. The Holding Company carries this investment property under cost model.

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

13 STOCK IN TRADE

This includes finished goods stock amounting to Rs. 23,524,857 thousands (December 31, 2021: Rs. 454,715 thousands) and raw material in transit amounting to Rs. 13,112,266 thousands (December 31, 2021: Rs. 5,337,421 thousands).

14 OTHER RECEIVABLES

This includes an amount of Rs. 8,239,197 thousands (December 31, 2021: Rs. 2,523,902 thousands) receivable from Fauji Fertilizer Company Limited (FFCL), a related party, on account of amounts received from customers, against sales of the Holding Company's products under an inter-company services agreement.

	Note	June 30, 2022 (Un - audited)	December 31, 2021 (Audited)
(Rupees '000)			
15 SHORT TERM INVESTMENTS			
Amortized cost			
Term deposits with banks and financial institutions	15.1	1,775,000	5,601,349
Treasury bills	15.2	483,938	-
Investments at fair value through profit or loss			
Mutual funds		-	8,341,700
		2,258,938	13,943,049

15.1 These deposits carry interest at rates ranging from 14% to 17.3% per annum (December 31, 2021: 5% to 15% per annum) maturing on various dates.

15.2 These are 3 months treasury bills maturing on August 11, 2022 and carry interest rate at 14.42% per annum.

	Note	Quarter ended June 30,		Half Year ended June 30,	
		2022	2021	2022	2021
(Rupees '000)					
16 SALES - NET					
Gross sales		53,305,738	22,574,610	83,852,306	41,233,682
Less:					
Sales tax		1,661,389	1,210,703	3,059,392	2,195,132
Trade discount		114,019	147,786	236,809	289,855
Advance tax u/s 235		126,199	59,472	234,088	132,408
Commission	16.1	6,816	5,262	11,438	8,992
		1,908,423	1,423,223	3,541,727	2,626,387
		51,397,315	21,151,387	80,310,579	38,607,295

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Quarter ended June 30,		Half Year ended June 30,	
	2022	2021	2022	2021
	(Rupees '000)		(Rupees '000)	
17 COST OF SALES				
Raw materials consumed	45,461,397	20,238,517	78,511,634	31,668,224
Packing materials consumed	772,055	699,984	1,510,432	1,426,632
Fuel and power	488,753	344,733	921,263	624,833
Ash dumping	5,376	4,790	7,133	8,219
Stores and supplies consumed	113,188	116,981	234,041	241,903
Salaries, wages and benefits	775,243	1,041,351	1,615,200	1,604,879
Repairs and maintenance	564,280	317,920	886,497	749,322
Travel and conveyance	57,131	43,091	114,023	82,193
Rent, rates and taxes	12,351	76,198	24,678	91,097
Insurance	79,656	75,050	156,985	151,993
Utilities	32,567	36,631	75,630	115,367
Provision for obsolete stores & spares	7,500	18,000	15,000	36,000
Allowance for input tax	-	400,000	-	400,000
Communication, establishment and other expenses	89,268	102,932	165,506	173,575
Depreciation and amortization	647,495	630,285	1,291,176	1,254,939
Opening stock - work in process	119,885	261,107	160,307	273,371
Closing stock - work in process	(122,770)	(242,257)	(122,770)	(242,257)
Cost of goods manufactured	49,103,375	24,165,313	85,566,735	38,660,290
Opening stock - finished goods	14,898,635	1,528,778	424,212	334,696
Closing stock - finished goods	(23,496,040)	(10,011,543)	(23,496,040)	(10,011,543)
	40,505,970	15,682,548	62,494,907	28,983,443
18 OTHER EXPENSES				
Workers' (Profit) Participation Fund	387,829	217,425	560,152	360,424
Workers' Welfare Fund	93,687	75,618	164,131	122,919
Impairment - FWEL - I	-	880,716	-	880,716
Impairment - FWEL - II	-	784,773	-	784,773
Exchange loss - net	2,710,809	87,473	3,291,680	64,240
Others	1,158	656	3,963	1,461
	3,193,483	2,046,661	4,019,926	2,214,533
19 OTHER INCOME				
Share of profit from joint venture and associates				
Pakistan Maroc Phosphore S.A	724,629	384,414	1,974,257	624,380
Foundation Wind Energy - I Limited	-	78,518	-	50,872
Foundation Wind Energy - II Limited	-	74,264	-	45,482
Askari Bank Limited	778,339	597,367	1,405,918	1,169,151
	1,502,968	1,134,563	3,380,175	1,889,885
Profit on bank balances & term deposits	330,016	219,410	917,595	546,725
Fair value gain and related income on mutual funds	136,656	-	333,585	-
Scrap sale and other receipts	95,468	60,070	143,421	97,891
Gain on disposal of property, plant and equipment	16,342	20,174	16,342	44,662
Miscellaneous income	54,846	61,851	99,299	97,120
	633,328	361,505	1,510,242	786,398
	2,136,296	1,496,068	4,890,417	2,676,283

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Quarter ended June 30,		Half Year ended June 30,	
	2022	2021	2022	2021
	(Rupees '000)		(Rupees '000)	
20 TAXATION - NET				
Current tax				
- Current period	2,234,176	698,387	3,319,771	1,267,738
- Prior period	2,289,402	-	2,289,402	-
Deferred tax	106,033	(305,359)	371,646	(213,422)
	<u>4,629,611</u>	<u>393,028</u>	<u>5,980,819</u>	<u>1,054,316</u>
			Half year ended June 30,	
			2022	2021
			(Rupees '000)	
21 CASH USED IN OPERATIONS				
Profit before taxation			10,064,387	2,933,143
Adjustment for non-cash charges and other items:				
Provision for gratuity			40,964	49,038
Exchange loss - net			3,291,680	64,240
Provision for compensated absences			16,793	50,578
Provision for Workers' (Profit) Participation Fund			560,152	122,919
Provision for Workers' Welfare Fund			164,131	360,424
Unwinding cost of GIDC			491,570	668,758
Provision for input tax			-	400,000
Loss on Investment held for sale			-	1,665,489
Provision for subsidy			-	132,000
Amortization of transaction cost of long term finance			16,474	19,433
Transaction cost			2,041	-
Depreciation			1,389,697	1,377,745
Amortization			8,844	16,752
Provision for obsolete stores & spares			15,000	36,000
Lease charges			12,896	16,355
Finance costs			3,100,770	2,499,709
Profit on bank balances and term deposits			(917,595)	(546,725)
Fair value gain and related income on mutual funds			(333,585)	-
Profit from joint venture and associates - net			(3,380,175)	(1,889,885)
Gain on disposal of property, plant and equipment			(16,342)	(44,662)
Operating profit before working capital changes			14,527,702	7,931,311
Changes in working capital:				
Stores and spares			(141,088)	170,204
Stock in trade			(33,182,742)	(13,050,602)
Trade debts			(3,267,204)	(1,296,844)
Advances			227,075	339,000
Trade deposits and short term prepayments			149,629	159,700
Other receivables			(5,708,309)	821,260
Sales tax refundable			(4,154,302)	(2,089,844)
Trade and other payables			21,306,629	6,303,234
Advances from customers			(3,546,896)	(875,003)
			(28,317,208)	(9,518,895)
Cash used in operations			(13,789,506)	(1,587,584)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

22 RELATED PARTY TRANSACTIONS

Fauji Fertilizer Company Limited (FFCL) has 49.88% share holding in FFBL (2021: 49.88%), while Fauji Foundation (FF) holds 18.29% shares (2021: 18.29%) in the Holding Company. The Group has related parties which comprise of a joint venture, entities under common directorship, directors, key management personnel and employees' funds. Transactions with related parties and the balances outstanding at the period end are given below. The carrying value of investment in associates and joint venture are disclosed in note 11 to the condensed interim consolidated financial statements.

	Half year ended June 30,	
	2022	2021
	(Rupees '000)	
Transactions with Fauji Foundation (FF)		
Dividend paid	-	450,000
Services received	44,319	67,088
Services provided	886	-
Payment against services	46,440	20,240
Donation paid	44,330	36,020
Balance payable	18,750	24,002 *
Transactions with associated undertakings due to common directorship		
Fauji Fertilizer Company Limited		
Services and material acquired	591,332	527,722
Services and material provided	-	1,017
Receipts under consignment account	60,161,223	30,107,408
Commission charged	11,438	8,992
Balance receivable at period end	8,239,197	2,523,902 *
Askari Bank Limited		
Balances at bank and TDR	8,765,635	17,719,439 *
Profit on bank balances	313,657	213,347
Long term loans	563,117	646,544 *
Mark-up on long term loans	5,644	14,589
Mark-up payable on long term loans	5,644	42,371 *
Finance cost charged	42,305	13,417
Dividend received	-	815,652
Transactions with joint venture		
Purchase of raw materials	67,149,521	21,970,342
Expenses incurred on behalf of joint venture	5,229	485
Balance payable - secured	46,947,172	24,004,647 *
Balance receivable - unsecured	2,521,519	8,852 *
Dividend received	-	441,847

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Half year ended June 30,	
	2022	2021
	(Rupees '000)	
Other related parties		
Contribution to provident fund	75,636	82,929
Payment to gratuity fund	17,243	24,688
Payment to Workers' (Profit) Participation Fund and Workers' Welfare Fund	140,052	286,276
Meeting fee to directors	17,125	21,590
Balance payable - unsecured (WPPF and WWF)	1,775,747	1,189,014 *
Payable to gratuity fund	294,810	271,085 *
Payable to provident fund	17,749	14,366 *
Expenses on behalf of Fauji Cereals	-	5,381
Payment to Fauji Security Services (Private) Limited	-	232
Noon Sugar Mills for purchase of sugar	16,030	14,139
Remuneration of key management personnel		
Short term benefits	251,964	187,521
Post employment benefits	23,518	22,093

* Balance of accounts appearing as comparatives are as at December 31, 2021 (audited).

23 **SEGMENT REPORTING**

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

	Fertilizer	Food	Meat	Power	Elimination-net	Consolidated
	(Rupees' 000)					
June 30, 2022						
Revenue	70,932,931	4,796,601	28,819	13,159,585	(8,607,357)	80,310,579
Profit / (loss) after tax	3,410,050	(1,199,689)	(411,750)	1,613,671	671,286	4,083,568
June 30, 2021						
Revenue	29,917,238	4,492,567	62,349	9,043,055	(4,907,914)	38,607,295
Profit / (loss) after tax	3,875,798	(721,429)	(546,261)	2,046,697	(2,775,978)	1,878,827
June 30, 2022						
Assets	140,125,613	12,026,650	6,815,961	36,394,719	(14,443,854)	180,919,089
Liabilities	116,284,817	11,268,089	196,462	19,240,187	(2,544,182)	144,445,373
December 31, 2021						
Assets	115,209,592	12,562,253	6,395,588	37,992,049	(11,456,757)	160,702,725
Liabilities	94,277,287	10,601,152	6,945,433	22,451,188	(6,504,607)	127,770,453

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022**

24 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

24.1 Financial risk factors

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

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

24.2 Fair Value estimation

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

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

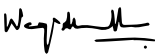
	Level 1	Level 2	Level 3
	(Rupees' 000)		
June 2022 - unaudited			
ASSETS			
Financial assets at fair value through profit and loss			
- Short term investments	-	-	-
December 2021 - audited			
ASSETS			
Financial assets at fair value through profit and loss			
- Short term investments	8,341,700	-	-

25 GENERAL

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

25.2 Corresponding figures have been re-arranged / re-classified, wherever necessary, for the purpose of comparison.

25.3 These condensed interim consolidated financial statements were authorized for issue on July 25 , 2022 by the Board of Directors of the Holding Company.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



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