



3rd Quarterly
**FINANCIAL
STATEMENTS**

September 30, 2021 (Un-audited)

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SAY NO TO CORRUPTION

Company Information

BOARD OF DIRECTORS

Mr. Waqar Ahmed Malik

Chairman

Mr. Sarfaraz Ahmed Rehman

Managing Director & Chief Executive Officer

Dr. Nadeem Inayat

Mr. Saad Amanullah Khan

Ms Maryam Aziz

Maj Gen Naseer Ali Khan, HI(M) (Retd)

Mr. Peter Bruun Jensen

Maj Gen Ahmad Mahmood Hayat, HI(M) (Retd)

Syed Bakhtiyar Kazmi

Mr. Shoaib Javed Hussain

Dr. Hamid Ateeq Sarwar

Mr. Jehangir Shah

Dr. Ayesha Khan

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 Asrat Mahmood, SI(M) (Retd)

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

E-mail: secretary@ffc.com.pk

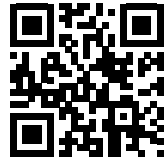
REGISTERED OFFICE

156 - The Mall, Rawalpindi Cantt, Pakistan

Website: www.ffc.com.pk

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

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



PLANTSITES

Goth Machhi, Sadiqabad

(Distt: Rahim Yar Khan), Pakistan

Tel No. +92-68-5954550-64, Fax No. +92-68-5954510-11

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

A.F. Ferguson & Co

Chartered Accountants

74 - East, Blue Area, Jinnah Avenue, Islamabad

Tel No. +92-51-2273457-9, 2870045-85, Fax No. +92-51-2206473

SHARES REGISTRAR

CDC Share Registrar Services Limited

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

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

DIRECTORS' REVIEW

For the nine months ended September 30, 2021

Dear Shareholders,

On behalf of the Board, we are pleased to report highest ever nine months profitability of Rs 15.89 billion for the period ended September 30, 2021.

Sona urea production during the period stood at 1,867 thousand tonnes, 2% lower than last year mainly because of carrying out of annual maintenance turnaround during the first half of 2021 as compared to the turnaround during last quarter of previous year. Lower product availability therefore resulted in reduced Sona urea offtake of 1,821 thousand tonnes compared to 1,838 thousand tonnes during the same period of 2020. Increase in DAP turnover as a result of higher import prices led to achievement of highest ever aggregate revenue of Rs 73.59 billion for the nine months.

Cost of sales increased by 2% compared to last year as the benefit of abolished GIDC was set off by high cost of DAP imports due to increasing foreign exchange parity and higher International DAP prices. Finance cost remained in line with last year whereas higher fuel prices resulted in increased distribution cost. The unwinding of GIDC liability has also adversely impacted Company's profitability by Rs 1.81 billion.

Dividend income from associated companies amounting to Rs 1.93 billion recorded an increase of 70% compared to last year. The Company was thus able to achieve per share earnings of Rs 12.49, depicting improvement of 15% over last year.

FFC's Annual Report 2020 has once again been rated amongst the top positions in Best Corporate Report Award competition conducted jointly by ICAP/ICMAP, as a testament of the Company's transparent reporting and good governance practices. The Company's Sustainability Report also secured a place amongst the top positions in the Best Sustainability Report Award category.

Post shareholders' approval, FFC has completed acquisition of renewable energy projects - Foundation Wind Energy I & II Limited. The Board is confident that this addition to the Company's portfolio will contribute to the shareholders' wealth by complementing our existing expertise in the sector.

In order to ensure a steady income stream for our esteemed shareholders, the Board is pleased to announce third interim dividend of 37.50% (Rs 3.75 per share), with cumulative distribution of 98.50% (Rs 9.85 per share) for the nine months.

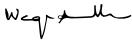
FUTURE OUTLOOK

FFC continues to provide premium fertilizer to the farming community without any business disruption despite adverse impact of COVID-19 pandemic, demonstrating the Company's ability to ensure business continuity while upholding the highest standards of occupational health and safety.

The Company continues to play its role in saving foreign exchange for the Country through import substitution and striving for food security by supplying urea at around one fourth of prevailing International prices.

FFC has been facing cashflow constraints due to pending subsidy claims of Rs 6.96 billion and GST refundable of Rs 16.67 billion, besides, disallowance of business expenditure is also adding pressure on Company margins. We understand that Government has realization of the difficulties being faced by the Industry and we are hopeful of resolution of these issues in near future.

On behalf of the Board,



Waqar Ahmed Malik
Chairman



Sarfaraz Ahmed Rehman
Managing Director & Chief
Executive Officer

Rawalpindi
October 27, 2021

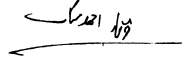
متوقع مستقبل

COVID-19 کی وبا کے منفی اثرات کے باوجود FFC کا شیکار برادری کو بغیر کسی رکاوٹ کے اعلیٰ معیار کی کھاد کی فراہمی جاری رکھے ہوئے ہے، جو کہ ملازمین کی صحت اور حفاظت کے اعلیٰ معیار کو برقرار رکھتے ہوئے کاروباری تسلسل کو یقینی بنانے میں کمپنی کی صلاحیت کا ثبوت ہے۔

درآمدی تبادل کے ذریعے ملک کے لیے زرمبادلہ بچانے اور غذائی تحفظ کو یقینی بنانے کے لیے، کمپنی موجودہ بین الاقوامی قیمتوں کے مقابلے میں تقریباً ایک چوتھائی قیمت پر یوریا فراہم کر کے اپنا کردار ادا کر رہی ہے۔

6.96 ارب روپے کے زیر التواء سبسڈی کلیمز اور 16.67 ارب روپے کے واجب الوصول جی ایس ٹی کے باعث کمپنی کو Cash flow کے مسائل کا سامنا ہے علاوہ ازیں کاروباری اخراجات کی نامنظوری بھی کمپنی کے منافع کو متاثر کر رہی ہے۔ ہم سمجھتے ہیں کہ صنعت کو درپیش مسائل کا حکومت کو ادراک ہے اور ہم مستقبل قریب میں ان مسائل کے حل کے لیے پرامید ہیں۔

بورڈ کی جانب سے



وقار احمد ملک

چیئر مین



سرفراز احمد رحمن

میجنگ ڈائریکٹر و چیف

ایگزیکٹو آفیسر

راولپنڈی

27 اکتوبر 2021

ڈائریکٹرز کا تجزیہ

معزز حصہ داران!

بورڈ آف ڈائریکٹرز کی جانب سے ہمیں یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ کمپنی نے سال 2021 کے پہلے نو ماہ میں 15.89 ارب روپے کا تاریخی بلند ترین منافع حاصل کیا ہے۔

سونایوریا کی پیداوار 1,867 ہزار ٹن رہی جو کہ گزشتہ برس کے مقابلے میں 2 فیصد کم ہے اور جس کا سبب رواں سال پلانٹ کی سالانہ بحالی و مرمت (Annual Maintenance Turnaround) کا کام سال کی پہلی ششماہی کے دوران انجام دینا ہے جو کہ گزشتہ برس، آخری سہ ماہی کے دوران سرانجام دیا گیا تھا۔ چنانچہ کم مقدار میں کھاد کی دستیابی کے باعث، یوریا کی مقدار فروخت کم ہو کر 1,821 ہزار ٹن رہی جو کہ 2020 کی اسی مدت کے دوران 1,838 ہزار ٹن تھی۔ DAP کی درآمدی قیمتوں میں اضافہ کی وجہ سے آمدن زیادہ ہوئی جو کہ 9 ماہ کے عرصے میں 73.59 ارب روپے کی بلند ترین مجموعی آمدن کا باعث بنی۔

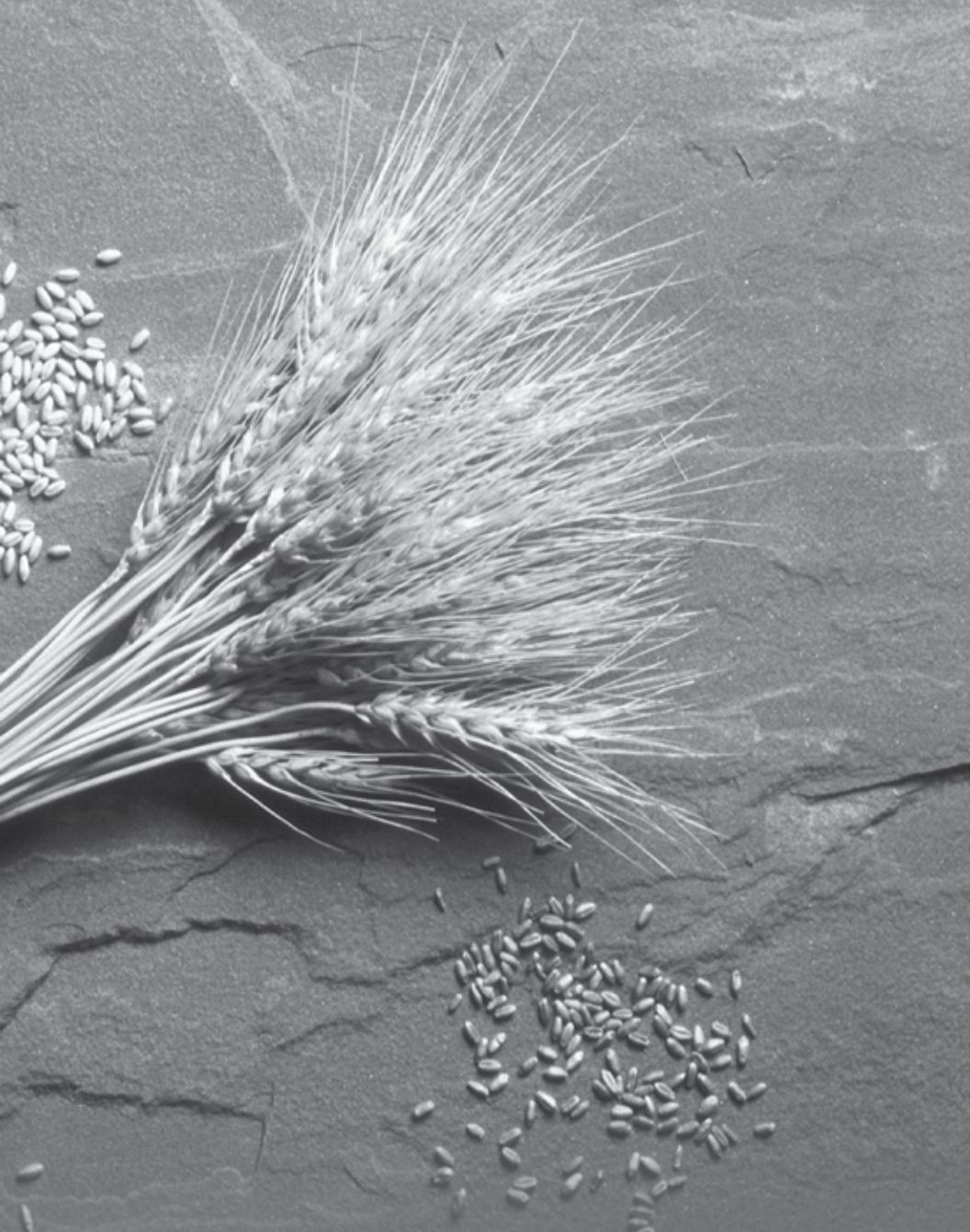
GIDC کے خاتمے سے ہونے والا فائدہ، DAP کی زائد درآمدی لاگت کی وجہ سے زائل ہو گیا جس کا سبب غیر ملکی کرنسی کی قیمتوں میں بڑھتا ہوا تفاوت اور DAP کی بلند عالمی قیمتیں ہیں، لہذا لاگت فروخت (Cost of Sales) گزشتہ سال کے مقابلے میں 2 فیصد زائد رہی۔ مالیاتی لاگت (Finance Cost) گزشتہ برس کے برابر رہی جبکہ ایندھن کی بڑھتی ہوئی قیمتیں ترسیل لاگت (Distribution Cost) میں اضافے کا باعث بنیں۔ Unwinding of GIDC Liability نے بھی کمپنی کے منافع پر 1.81 ارب روپے کے منفی اثرات مرتب کیے۔

منسلکہ کمپنیوں (Associated Companies) کی طرف سے 1.93 ارب روپے کی منافع منقسمہ آمدن (Dividend Income) میں گزشتہ برس کے مقابلے میں 70 فیصد اضافہ ریکارڈ کیا گیا۔ اس طرح کمپنی گزشتہ برس کے مقابلے میں 15 فیصد کی بہتری کے ساتھ 12.49 روپے فی حصہ کی آمدن حاصل کرنے میں کامیاب رہی۔

کمپنی کی سالانہ رپورٹ برائے 2020 کو ICAP/ICMAP کی جانب سے منعقدہ Best Corporate Report Award Competition میں ایک مرتبہ پھر اولین پوزیشنز میں شمار کیا گیا ہے جو کہ کمپنی کی شفاف رپورٹنگ اور عمدہ کاروباری نظم و نسق کا ثبوت ہے۔ FFC کی Sustainability Report بھی اولین پوزیشنز کی صف میں شامل ہوئی۔

حصہ داران کی منظوری کے بعد، FFC نے قابل تجدید توانائی (Renewable Energy) کے منصوبوں Foundation Wind Energy I & II Limited کا حصول مکمل کر لیا ہے۔ بورڈ کو یقین ہے کہ کمپنی کی سرمایہ کاریوں میں یہ اضافہ، اس سیکٹر میں ہماری مہارت کے باعث، حصہ داران کے سرمائے میں اضافے کا سبب بنے گا۔

اپنے معزز حصہ داران کے لیے مستقل آمدنی کو یقینی بنانے کے لیے، بورڈ 37.50 فیصد (3.75 روپے فی حصہ)، 98.50 فیصد (9.85 روپے فی حصہ) مجموعی تقسیم کے ساتھ، تیسرے عبوری منافع منقسمہ کا اعلان کرتے ہوئے خوش محسوس کرتا ہے۔



Condensed Interim Financial Statements

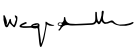
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

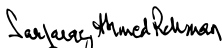
	Note	Un-audited September 30, 2021	Audited December 31, 2020
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	4	12,722,382	12,722,382
Capital reserves		160,000	160,000
General reserves		8,802,360	8,802,360
Unappropriated profit		24,460,703	20,659,023
Surplus on remeasurement of investments at fair value - net		132,731	191,906
		46,278,176	42,535,671
NON - CURRENT LIABILITIES			
Long term borrowings - secured	5	16,445,850	10,627,321
Lease liabilities		43,107	59,161
Deferred government grant		4,150	24,633
Gas Infrastructure Development Cess (GIDC) payable	6	27,197,849	32,771,664
Deferred liabilities		4,598,305	5,259,415
		48,289,261	48,742,194
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	5	4,688,312	4,334,776
Current portion of lease liabilities		22,842	23,132
Current portion of deferred government grant		56,688	87,659
Trade and other payables		55,242,591	46,620,853
Mark-up and profit accrued		573,899	274,936
Short term borrowings - secured	7	36,891,117	25,257,980
Unclaimed dividend		469,894	467,812
Taxation		5,134,029	4,603,745
		103,079,372	81,670,893
TOTAL EQUITY AND LIABILITIES		197,646,809	172,948,758
CONTINGENCIES AND COMMITMENTS			
	8		

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

	Note	Un-audited September 30, 2021	Audited December 31, 2020
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	9	23,546,642	22,840,989
Intangible assets		1,573,679	1,571,935
Long term investments	10	46,218,095	34,674,616
Long term loans and advances - secured		2,615,002	1,945,533
Long term deposits and prepayments		15,666	14,088
		73,969,084	61,047,161
CURRENT ASSETS			
Stores, spares and loose tools		4,669,090	4,433,760
Stock in trade		10,503,927	319,989
Trade debts		2,349,058	2,287,336
Loans and advances - secured		865,401	789,170
Deposits and prepayments		134,517	50,685
Other receivables	11	22,825,907	20,965,069
Short term investments	12	81,124,289	81,902,113
Cash and bank balances		1,205,536	1,153,475
		123,677,725	111,901,597
TOTAL ASSETS		197,646,809	172,948,758



Chairman



Chief Executive Officer



Director



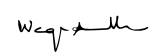
Chief Financial Officer

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

For the nine month period ended September 30, 2021

	Note	Three month period ended		Nine month period ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
		(Rupees '000)		(Rupees '000)	
Turnover - net	13	29,573,855	24,635,767	73,591,988	68,417,671
Cost of sales		(18,408,108)	(16,364,864)	(46,215,852)	(45,257,948)
GROSS PROFIT		11,165,747	8,270,903	27,376,136	23,159,723
Distribution cost		(2,086,749)	(1,724,775)	(6,050,578)	(5,654,344)
		9,078,998	6,546,128	21,325,558	17,505,379
Finance cost		(647,247)	(270,939)	(1,451,916)	(1,405,859)
Unwinding of GIDC liability		(615,755)	-	(1,814,573)	-
Other expenses		(810,486)	(628,435)	(2,102,753)	(1,819,294)
		7,005,510	5,646,754	15,956,316	14,280,226
Other income		1,700,583	951,327	5,914,627	4,958,074
PROFIT BEFORE TAXATION		8,706,093	6,598,081	21,870,943	19,238,300
Provision for taxation		(2,254,000)	(1,970,000)	(5,983,000)	(5,474,000)
PROFIT FOR THE PERIOD		6,452,093	4,628,081	15,887,943	13,764,300
Earnings per share - basic and diluted (Rupees)		5.07	3.64	12.49	10.82

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Chairman

Chief Executive Officer

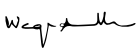
Director

Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
For the nine month period ended September 30, 2021

	Three month period ended		Nine month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees '000)		(Rupees '000)	
PROFIT FOR THE PERIOD	6,452,093	4,628,081	15,887,943	13,764,300
OTHER COMPREHENSIVE INCOME				
Items that are reclassified subsequently to profit or loss				
(Deficit) / surplus on re-measurement of investments to fair value - net	(23,768)	(76,348)	(59,175)	218,401
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,428,325	4,551,733	15,828,768	13,982,701

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Director



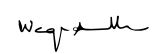
Chief Financial Officer

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

For the nine month period ended September 30, 2021

	Share capital	Capital reserves	General reserves	Revenue reserves		Surplus / (deficit) on remeasurement of investments at fair value - net	Total
				Unappropriated profit			
				(Rupees '000)			
Balance as at January 1, 2020 (Audited)	12,722,382	160,000	8,802,360	13,895,600		(13,641)	35,566,701
Total comprehensive income							
Profit for the period	-	-	-	13,764,300		-	13,764,300
Other comprehensive income - net of tax	-	-	-	-		218,401	218,401
	-	-	-	13,764,300		218,401	13,982,701
Transactions with owners of the Company							
Distributions:							
Final dividend 2019: Rs 3.25 per share	-	-	-	(4,134,774)		-	(4,134,774)
First interim dividend 2020: Rs 2.50 per share	-	-	-	(3,180,596)		-	(3,180,596)
Second interim dividend 2020: Rs 2.75 per share	-	-	-	(3,498,655)		-	(3,498,655)
	-	-	-	(10,814,025)		-	(10,814,025)
Balance as at September 30, 2020	12,722,382	160,000	8,802,360	16,845,875		204,760	38,735,377
Balance as at January 1, 2021 (Audited)	12,722,382	160,000	8,802,360	20,659,023		191,906	42,535,671
Total comprehensive income							
Profit for the period	-	-	-	15,887,943		-	15,887,943
Other comprehensive income - net of tax	-	-	-	-		(59,175)	(59,175)
	-	-	-	15,887,943		(59,175)	15,828,768
Transactions with owners of the Company							
Distributions:							
Final dividend 2020: Rs 3.40 per share	-	-	-	(4,325,610)		-	(4,325,610)
First interim dividend 2021: Rs 3.50 per share	-	-	-	(4,452,834)		-	(4,452,834)
Second interim dividend 2021: Rs 2.60 per share	-	-	-	(3,307,819)		-	(3,307,819)
	-	-	-	(12,086,263)		-	(12,086,263)
Balance as at September 30, 2021	12,722,382	160,000	8,802,360	24,460,703		132,731	46,278,176

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Chairman

Chief Executive Officer

Director

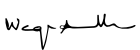
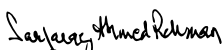
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the nine month period ended September 30, 2021

	Note	September 30, 2021	September 30, 2020
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	11,260,532	37,133,314
Finance cost paid		(1,147,849)	(1,819,857)
Income taxes paid		(6,089,716)	(4,495,489)
		(7,237,565)	(6,315,346)
Net cash generated from operating activities		4,022,967	30,817,968
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,524,426)	(1,472,418)
Proceeds from sale of operating fixed assets		16,934	21,068
Investment in Fauji Fresh n Freeze Limited		-	(601,866)
Investment in FWEL - I & II		(13,512,339)	-
Advance against issue of shares - Thar Energy Limited		(376,707)	-
Advance against issue of shares - OLIVE Technical (Pvt) Ltd		(20,000)	-
Other investments - net		760,714	367,021
Interest and profit received		689,726	837,766
Dividend received		2,150,266	1,151,177
Net cash (used in) / generated from investing activities		(12,815,832)	302,748
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing			
Draw-downs		9,200,000	5,400,000
Repayments		(3,027,935)	(3,633,750)
Repayment of lease liabilities		(24,377)	(17,165)
Dividend paid		(12,084,181)	(10,880,739)
Net cash used in financing activities		(5,936,493)	(9,131,654)
Net (decrease) / increase in cash and cash equivalents		(14,729,358)	21,989,062
Cash and cash equivalents at beginning of the period		57,709,240	31,886,368
Effect of exchange rate changes		164,954	160,464
Cash and cash equivalents at end of the period		43,144,836	54,035,894
CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,205,536	2,270,314
Short term borrowings		(36,891,117)	(11,874,681)
Short term highly liquid investments		78,830,417	63,640,261
		43,144,836	54,035,894

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Chairman

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

1. THE COMPANY AND ITS OPERATIONS

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, cement, energy generation, food processing and banking operations.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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.

2.2 The disclosures in these condensed interim financial statements 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, 2020. Comparative condensed interim statement of financial position is extracted from annual financial statements as at December 31, 2020 whereas comparative condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un-audited condensed interim financial statements of the Company for the nine month period ended September 30, 2020.

2.3 These condensed interim financial statements are un-audited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim financial statements 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, 2020.

4. SHARE CAPITAL

AUTHORISED SHARE CAPITAL

This represents 1,500,000,000 (December 31, 2020: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (December 31, 2020: Rs 15,000,000 thousand).

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited September 30, 2021	Audited December 31, 2020		Un-audited September 30, 2021	Audited December 31, 2020
(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 holds 44.35% (December 31, 2020: 44.35%) ordinary shares of the Company at the period end.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

	Note	Un-audited September 30, 2021	Audited December 31, 2020
(Rupees '000)			
5. LONG TERM BORROWINGS - SECURED			
From conventional banks	5.1	13,134,162	12,962,097
From Islamic banks	5.2	8,000,000	2,000,000
		21,134,162	14,962,097
Less: Current portion shown under current liabilities			
From conventional banks		4,188,312	4,084,776
From Islamic banks		500,000	250,000
		4,688,312	4,334,776
		16,445,850	10,627,321
5.1 Movement during the period / year is as follows:			
Opening balance		12,962,097	10,833,750
Draw-downs during the period / year		3,200,000	6,409,538
Repayments during the period / year		(3,027,935)	(4,281,191)
Closing balance	5.1.1	13,134,162	12,962,097

- 5.1.1** The borrowings are secured by way of hypothecation of Company's assets including plant, machinery, tools & spares and other movable properties, ranking pari passu with each other with 25% margin.

These carry mark-up ranging between 6 month KIBOR + 0.08% to 0.20% per annum and 3 month KIBOR + 0.15% per annum (December 31, 2020: 6 month KIBOR + 0.08% to 0.40% per annum and 3 month KIBOR + 0.15% to 0.40% per annum) and are repayable up to September 2026 (December 31, 2020: December 2025).

The Company also availed Rs 2,000,000 thousand currently outstanding at Rs 1,250,000 thousand under the SBP refinance scheme at markup rate from 0.25% to 0.50% (December 31, 2020: 0.25% to 0.50%). This has been recognized at amortized cost, calculated at an effective rate of 7.33%.

	Note	Un-audited September 30, 2021	Audited December 31, 2020
(Rupees '000)			
5.2 Movement during the period / year is as follows:			
Opening balance		2,000,000	350,000
Draw-downs during the period / year		6,000,000	2,000,000
Repayments during the period / year		-	(350,000)
Closing balance	5.2.1	8,000,000	2,000,000

- 5.2.1** The borrowings are secured by way of hypothecation of Company's assets including plant, machinery, tools & spares and other movable properties, ranking pari passu with each other with 25% margin.

These carry profit rate of 6 month KBOR + 0.10% - 0.30% per annum (December 31, 2020: 6 month KIBOR+ 0.10% per annum) and are repayable up to September 2026 (December 31, 2020: May 2025).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

	Note	Un-audited September 30, 2021	Audited December 31, 2020
(Rupees '000)			
6. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE			
Balance at the beginning		56,716,885	61,064,027
Movement during the year		-	1,579,395
		56,716,885	62,643,422
Gain on extinguishment of original GIDC liability - credited to profit or loss		-	(5,926,537)
Unwinding of remeasurement gain on GIDC liability		1,814,573	-
		58,531,458	56,716,885
Less: Current portion of GIDC payable	6.1	(31,333,609)	(23,945,221)
Long-term portion of GIDC payable		27,197,849	32,771,664

6.1 This amount is included in trade and other payables.

6.2 Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 has declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including the Company were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government in 24 equal monthly installments.

GIDC was declared payable on the presumption that burden of same has been passed to the customers. In this regard, the Company, along with other industries, filed a review petition before the SCP on the grounds that a factual determination may be carried out to determine how much of the GIDC burden has actually been passed on, amongst other grounds. Later on SCP while deciding the review petition on November 2, 2020, disposed off the review petition against the gas consumers including the Company and stated that the Government of Pakistan is agreeable to recover the arrears in 48 monthly installments instead of 24 monthly installments.

The Company also filed a Suit with the Sindh High Court in September 2020 against collection of GIDC installments, before a factual determination of GIDC pass on is carried out, and the Sindh High Court granted a stay in September 2020 against recovery of GIDC payable from the Company till the finalisation of matter by Sindh High Court. The matter is currently pending in the Sindh High Court.

Pursuant to the above decisions of the SCP and without prejudice to the suit filed in Sindh High Court, the Company, on prudent basis had re-measured its GIDC liability payable to Mari Petroleum Company Limited (on behalf of the Government of Pakistan) in 48 monthly installments commencing from August 2020 in prior period. This modification in timing of settlement of GIDC liability reflected substantially different terms from the original liability recognized upto July 2020.

In accordance with the requirements of "Guidance on Accounting of GIDC" issued by the Institute of Chartered Accountants of Pakistan (ICAP) in January 2021, GIDC liability is being subsequently carried in the financial statements at amortized cost. During the period, no payments were made by the Company on account of GIDC. Further, the Company has also contested late payment surcharge on GIDC payments against recovery stay granted by Sindh High Court. The current and non-current portion of the GIDC liability has been segregated in the statement of financial position as at September 30, 2021 in accordance with the SCP decision on review petition.

	Note	Un-audited September 30, 2021	Audited December 31, 2020
(Rupees '000)			
7. SHORT TERM BORROWINGS - SECURED			
From conventional banks	7.1	33,099,623	20,564,934
From Islamic banks	7.2	3,791,494	4,693,046
		36,891,117	25,257,980

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

- 7.1** Short Term Borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs. 49,571,600 thousand (December 31, 2020: Rs. 47,760,000 thousand) which represent the aggregate of all facility agreements between the Company and respective banks. The facilities have various maturity dates upto December 29, 2023 (December 31 2020: August 31, 2021).

The facilities are secured by pari passu / ranking hypothecation charges on assets of the Company besides lien over Mutual funds / PIBs in certain cases. The per annum rates of markup range between 1 month KIBOR + 0.05% to 0.35% and 3 month KIBOR + 0% to 0.35% (December 31, 2020: 1 week KIBOR minus 0.05%, 1 month KIBOR minus 0.05% to 1 month KIBOR + 0.35% and 3 month KIBOR minus 0.10% to 3 month KIBOR + 0.20%).

- 7.2** Shariah Compliant short term borrowings are available from various banking companies under profit arrangements against facilities amounting to Rs. 4,000,000 thousand (December 31, 2020: Rs. 5,000,000 thousand) which represent the aggregate of all facility agreements between the Company and respective banks. The facilities have various maturity dates upto May 31, 2022 (December 31, 2020: May 31, 2021).

The facilities are secured by ranking hypothecation charges on assets of the Company besides lien over PIBs in certain cases. The per annum rates of profit is 3 month KIBOR + 0% to 0.10% (December 31, 2020: 3 month KIBOR - 0.05% to 0.05%).

Un-audited September 30, 2021	Audited December 31, 2020
-------------------------------------	---------------------------------

(Rupees '000)

8. CONTINGENCIES AND COMMITMENTS**8.1 Contingencies:**

- | | | |
|---|------------------|-----------|
| (i) Guarantees issued by banks on behalf of the Company | 5,171,063 | 5,140,917 |
| (ii) Claims against the Company and / or potential exposure not acknowledged as debt | 50,696 | 50,696 |
| (iii) Penalty of Rs 5,500,000 thousand imposed by the Competition Commission of Pakistan (CCP) in 2013, for alleged unreasonable increase in urea prices, which was set aside by the Competition Appellate Tribunal, in appeal filed by the Company, who also remanded the case back to CCP to decide the case afresh under guidelines provided by the Tribunal. CCP did not challenge this order before the Supreme Court of Pakistan in appeal within the stipulated time, thus making the appeal time barred. However, during the period, CCP under the said Tribunal guidelines, resumed the proceedings and the Company, duly joined these proceedings through Counsel. The Company also filed writ petition before Islamabad High Court and has procured suspension order against proceedings before CCP, till date of next hearing. The Company remains confident of successfully defending these unreasonable claims. | | |

Note	Un-audited September 30, 2021	Audited December 31, 2020
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(Rupees '000)

8.2 Commitments in respect of:

- | | | |
|---|------------------|-----------|
| (i) Capital expenditure | 2,629,915 | 1,613,024 |
| (ii) Purchase of fertilizer, stores, spares and other operational items | 1,892,445 | 2,060,554 |
| (iii) Investment in Thar Energy Limited | 2,060,848 | 2,307,192 |
| (iv) Contracted out services | 453,865 | 102,546 |

9. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	9.1	21,778,441	21,880,111
Capital work in progress	9.2	1,724,484	897,906
Right of use assets	9.3	43,717	62,972
		23,546,642	22,840,989

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

Un-audited September 30, 2021	Audited December 31, 2020
(Rupees '000)	

9.1 Operating fixed assets

Opening written down value	21,880,111	19,980,087
Additions during the period / year	1,693,239	4,180,466
Written down value of disposals	(34)	(980)
Transfers	-	91
Depreciation during the period / year	(1,794,875)	(2,279,553)
	21,778,441	21,880,111

9.1.1 Additions in and depreciation on property, plant and equipment during the six month period ended September 30, 2020 were Rs 2,369,189 thousand and Rs 1,696,483 thousand respectively.

Un-audited September 30, 2021	Audited December 31, 2020
(Rupees '000)	

9.2 Capital work in progress

Opening value	897,906	2,144,039
Additions during the period / year	2,410,310	133,961
Transfers during the period / year	(1,583,732)	(1,380,094)
	1,724,484	897,906

9.3 Right of use assets

Opening value	62,972	87,973
Additions during the period / year	2,929	8,050
Depreciation during the period / year	(22,184)	(33,051)
	43,717	62,972

9.4 Depreciation charge has been allocated as follows:

Cost of sales	1,758,329	2,243,501
Distribution cost	51,054	59,731
Other expenses	1,735	1,852
Charged to FFBL under the Company Services Agreement	5,941	7,520
	1,817,059	2,312,604

10. LONG TERM INVESTMENTS

Investments held at cost

In associated companies (Quoted)

Fauji Cement Company Limited	1,500,000	1,500,000
Fauji Fertilizer Bin Qasim Limited	7,152,693	4,658,919
Advance against issue of right shares	-	2,493,774
	7,152,693	7,152,693
Askari Bank Limited	10,461,921	10,461,921
	19,114,614	19,114,614

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

	Note	Un-audited September 30, 2021	Audited December 31, 2020
(Rupees '000)			
In associated companies (Unquoted)			
Thar Energy Limited		3,206,251	3,206,251
Advance against issue of shares		376,707	-
		3,582,958	3,206,251
In joint venture (Unquoted)			
Pakistan Maroc Phosphore S.A., Morocco		705,925	705,925
In subsidiary companies (Unquoted)			
FFC Energy Limited		2,438,250	2,438,250
Fauji Fresh n Freeze Limited			
Investment at cost		6,335,500	6,335,500
Less: Impairment loss		(2,100,000)	(2,100,000)
		4,235,500	4,235,500
Foundation Wind Energy - I Limited (FWEL-I)	10.1	7,493,051	-
Foundation Wind Energy - II Limited (FWEL-II)	10.1	6,019,288	-
Olive Technical Services (Pvt) Limited			
Advance against issue of shares		20,000	-
		20,206,089	6,673,750
		43,609,586	29,700,540
Investments measured at fair value through other comprehensive income			
Term Deposit Receipts - from conventional banks		113,769	125,548
Term Finance Certificates - from conventional bank		195,648	200,000
Pakistan Investment Bonds		4,592,963	4,736,896
		4,902,380	5,062,444
		48,511,966	34,762,984
Less: Current portion shown under short term investments			
Investments measured at fair value through other comprehensive income			
Term Deposit Receipts - from conventional banks		37,738	21,516
Pakistan Investment Bonds		2,256,133	66,852
	12	2,293,871	88,368
		46,218,095	34,674,616

- 10.1 This represents acquisition of 100% (350,249 thousand ordinary shares of Rs 10 each) and 80% (282,215 thousand ordinary shares of Rs 10 each) equity shares in FWEL - I and FWEL - II, respectively, as at September 30, 2021. The principle activity of these companies is to undertake the business of power generation and sale.

11. OTHER RECEIVABLES

Other receivables include Rs 6,961,878 thousand (December 31, 2020: Rs 6,961,878 thousand) on account of subsidy receivable and Rs 16,674,243 thousand (December 31, 2020: Rs 14,172,638 thousand) on account of sales tax receivable from the Government.

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

For the nine month period ended September 30, 2021

	Note	Un-audited September 30, 2021	Audited December 31, 2020
		(Rupees '000)	
12. SHORT TERM INVESTMENTS			
Amortised cost - conventional investments			
Term deposits with banks and financial institutions			
Local currency		1,680,349	-
Foreign currency		2,605,949	2,426,874
		4,286,298	2,426,874
Investments at fair value through profit or loss			
Conventional investments		74,321,423	74,767,100
Shariah compliant investments		222,697	4,619,771
		74,544,120	79,386,871
Current maturity of long term investments			
Fair value through other comprehensive income	10	2,293,871	88,368
		81,124,289	81,902,113

	Three month period ended		Nine month period ended	
	Un-audited September 30, 2021	Un-audited September 30, 2020	Un-audited September 30, 2021	Un-audited September 30, 2020
	(Rupees '000)		(Rupees '000)	

13. TURNOVER - NET

Turnover	30,195,564	25,166,719	75,133,985	70,207,292
Sales tax	(621,709)	(514,544)	(1,541,997)	(1,442,538)
Trade discount	-	(16,408)	-	(347,083)
	(621,709)	(530,952)	(1,541,997)	(1,789,621)
	29,573,855	24,635,767	73,591,988	68,417,671

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

For the nine month period ended September 30, 2021

	Nine month period ended Un-audited Un-audited September 30, September 30, 2021 2020	
	(Rupees '000)	
14. CASH GENERATED FROM OPERATIONS		
Profit before taxation	21,870,943	19,238,300
Adjustments for:		
Depreciation	1,811,118	1,709,250
Amortization	2,865	3,725
Unwinding of GIDC liability	1,814,573	-
Finance cost	1,451,916	1,405,859
(Reversal of) / provision for slow moving spares	(5,070)	57,696
Gain on disposal of operating fixed assets	(16,900)	(20,183)
Interest and profit on loans, deposits and investments	(563,146)	(572,906)
Amortization of Government grant	(51,454)	-
Exchange gain - net	(164,954)	(160,464)
Gain on re-measurement of investments at fair value through profit or loss	(683,936)	(515,689)
Dividend income	(1,926,551)	(1,151,177)
	1,668,461	756,111
	23,539,404	19,994,411
Changes in:		
Stores, spares and loose tools	(230,260)	(928,815)
Stock in trade	(10,183,938)	4,362,007
Trade debts	(61,722)	9,615,816
Loans and advances	(76,231)	128,488
Deposits and prepayments	(83,832)	(92,119)
Other receivables	(2,205,192)	(751,215)
Trade and other payables	1,233,350	5,435,808
	(11,607,825)	17,769,970
Changes in long term loans and advances	(669,469)	(628,017)
Changes in long term deposits and prepayments	(1,578)	(3,050)
	11,260,532	37,133,314

15. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2020. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended December 31, 2020.

The carrying amount of all financial assets and liabilities are estimated to approximate their fair values.

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

For the nine month period ended September 30, 2021

Nine month period ended	
September 30, 2021	September 30, 2020
(Rupees '000)	

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Significant transactions and balances with the related parties are as follows:

HOLDING COMPANY

Transactions

Dividend paid	5,360,258	4,796,020
Consideration paid for acquisition - FWEL I & II	8,256,333	-
Cost recharge	194,584	62,500
Sale of fertilizer	1,255	4,359
Others	105	4,739

Balances

Balances receivable - unsecured *	65,000	52,500
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SUBSIDIARY COMPANIES

Transactions

Equity investment	13,512,339	1,500,000
Advance against issue of shares	20,000	-
Interest income	2,219	4,478
Receipt of interest accrued on loans	22,834	151,924
Rental income	8,280	6,612
Expenses incurred on behalf of subsidiary companies	121,078	110,655
Reimbursements of expenses incurred on behalf of subsidiary companies	214,382	145,074
Receipt of loan principal	55,279	-

Balances

Balances receivable - unsecured *	204,468	373,420
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ASSOCIATED UNDERTAKINGS COMPANIES DUE TO COMMON DIRECTORSHIP

Transactions

Expenses charged on account of marketing of fertilizer on behalf of associated company	813,023	851,541
Commission on sale of products	17,931	19,096
Consideration paid for acquisition - FWEL I & II	5,256,006	-
Payments under consignment account - net	67,124,139	55,600,873
Purchase of gas as feed and fuel stock	24,596,139	25,037,636
Equity investment	-	416,533
Advance against issue of shares	376,707	-
Services and materials provided	16,901	23,840
Services and materials received	1,368	1,022
Donations	194,000	164,473
Interest expense	117,044	121,609
Interest income	6,901	58,315
Dividend income	1,926,551	1,151,177

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

For the nine month period ended September 30, 2021

	Nine month period ended	
	September 30, 2021	September 30, 2020
	(Rupees '000)	
Balances		
Dividend receivable *	-	223,715
Long term investments *	113,769	125,548
Short term borrowing *	3,218,750	2,303,598
Running finance *	89,368	153,285
Balances receivable - unsecured *	360,858	362,345
Balances payable - unsecured *	67,842,417	66,368,028
KEY MANAGEMENT PERSONNEL		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2021: 1 and 433 (2020: 1 and 410) respectively	3,853,255	3,598,378
STAFF RETIREMENT BENEFITS		
Contributions		
Employees' Provident Fund Trust	366,250	358,959
Employees' Gratuity Fund Trust	229,632	253,724
Employees' Pension Fund Trust	217,967	159,720
Employees' Funds as Dividend on equity holding of 0.18% (2020: 0.18%)	21,575	18,528
Balances		
Balance payable to Gratuity Fund Trust *	677,557	734,965
Balance payable to Pension Fund Trust *	402,705	439,697

* Comparative figures of receivable / payable balances are as at December 31, 2020.

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

For the nine month period ended September 30, 2021

17. NON ADJUSTING EVENTS AFTER REPORTING DATE

- 17.1** The Board of Directors of the Company in its meeting held on October 27, 2021 proposed third interim dividend of Rs 3.75 per share.

18. GENERAL

- 18.1** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 18.2** Corresponding figures have been rearranged and reclassified, wherever necessary, to conform to current year basis and presentation.
- 18.3** Late in 2019 news emerged from China about the COVID-19 (Coronavirus). In the first few months of 2020 the virus had spread globally, and its negative impact had gained momentum. To date the operations of the Company have continued uninterrupted during this pandemic. The management considers presently that this pandemic does not have any material adverse impact on the amounts being reported in the Company's condensed interim statement of financial position, the results of operations and cashflows for the period ended September 30, 2021. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.
- 18.4** These condensed interim financial statements have been authorized for issue by the Board of Directors of the Company on October 27, 2021.



Chairman



Chief Executive Officer



Director



Chief Financial Officer



**Condensed Interim
Consolidated
Financial Statements**

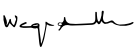
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

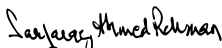
	Note	Un-audited September 30, 2021	Audited December 31, 2020
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	4	12,722,382	12,722,382
Capital reserves		7,777,921	6,736,633
General reserves		8,802,360	8,802,360
Unappropriated profit		63,801,328	48,814,236
Surplus on remeasurement of investments to fair value - net		11,512	663,884
Non - Controlling Interest		2,254,511	-
		95,370,014	77,739,495
Share in revaluation reserve of associates - net		1,433,841	1,392,593
NON - CURRENT LIABILITIES			
Long term borrowings - secured	5	18,565,436	12,199,452
Lease liabilities		4,199,007	78,355
Deferred government grant		4,428	27,363
Gas Infrastructure Development Cess (GIDC) payable	6	27,197,849	32,771,664
Deferred liabilities		8,793,710	8,541,348
		58,760,430	53,618,182
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	5	7,137,506	5,781,827
Current portion of lease liabilities		2,558,989	25,698
Current portion of deferred government grant		62,370	92,893
Trade and other payables		57,169,487	46,928,291
Mark-up and profit accrued		641,360	278,745
Short term borrowings - secured	7	37,556,993	25,277,286
Unclaimed dividend		469,894	467,812
Taxation		5,164,068	4,607,530
		110,760,667	83,460,082
TOTAL EQUITY AND LIABILITIES		266,324,952	216,210,352
CONTINGENCIES AND COMMITMENTS			
	8		

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.

	Note	Un-audited September 30, 2021	Audited December 31, 2020
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	9	49,257,450	32,595,937
Intangible assets		3,430,451	1,937,957
Long term investments	10	65,222,955	62,512,198
Long term loans and advances - secured		2,615,002	1,945,533
Long term deposits and prepayments		32,237	27,320
		120,558,095	99,018,945
CURRENT ASSETS			
Stores, spares and loose tools		4,839,341	4,562,872
Stock in trade		11,196,998	473,371
Trade debts		16,687,094	5,869,244
Loans and advances		952,433	810,995
Deposits and prepayments		174,952	68,265
Other receivables	11	24,523,839	20,780,294
Short term investments	12	84,980,477	83,188,113
Cash and bank balances		2,411,723	1,438,253
		145,766,857	117,191,407
TOTAL ASSETS		266,324,952	216,210,352



Chairman



Chief Executive Officer



Director



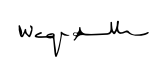
Chief Financial Officer

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

For the nine month period ended September 30, 2021

	Note	Three month period ended September 30,		Nine month period ended September 30,	
		2021	2020	2021	2020
		(Rupees '000)		(Rupees '000)	
Turnover - net	13	31,186,617	26,216,827	77,644,161	72,777,972
Cost of sales		(19,051,213)	16,935,222	(47,953,902)	46,798,703
GROSS PROFIT		12,135,404	9,281,605	29,690,259	25,979,269
Administrative and distribution expenses		(2,222,879)	1,832,954	(6,465,248)	5,950,712
		9,912,525	7,448,651	23,225,011	20,028,557
Finance cost		(717,764)	363,669	(1,677,405)	1,861,435
Unwinding of GIDC liability		(615,755)	-	(1,814,573)	-
Other expenses		(824,640)	629,885	(2,119,894)	1,825,157
		7,754,366	6,455,097	17,613,139	16,341,965
Other income		1,731,179	960,446	4,104,120	3,931,539
Bargain Purchase Gain		6,808,824	-	6,808,824	-
Share of profit of associates and joint venture		3,107,405	3,009,084	6,740,678	3,556,280
PROFIT BEFORE TAXATION		19,401,774	10,424,627	35,266,761	23,829,784
Provision for taxation		(2,737,371)	2,176,348	(7,040,431)	5,796,412
PROFIT FOR THE PERIOD		16,664,403	8,248,279	28,226,330	18,033,372
ATTRIBUTABLE TO:					
Equity Holders of Fauji Fertilizer Company Limited		16,664,403	8,248,279	28,226,330	18,033,372
Non - Controlling Interest		-	-	-	-
		16,664,403	8,248,279	28,226,330	18,033,372
Earnings per share - basic and diluted (Rupees)		13.10	6.48	22.19	14.17

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.


Chairman

Chief Executive Officer

Director

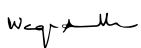
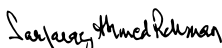
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

For the nine month period ended September 30, 2021

	Three month period ended		Nine month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees '000)		(Rupees '000)	
PROFIT FOR THE PERIOD	16,664,403	8,248,279	28,226,330	18,033,372
OTHER COMPREHENSIVE INCOME				
Items that are reclassified subsequently to profit or loss				
Deficit / (surplus) on re-measurement of investments to fair value - net of tax	(12,013)	(76,348)	(60,619)	218,401
Share of equity accounted investees - share of OCI, net of tax	(373,588)	1,685,336	(710,503)	3,503,697
	(385,601)	1,608,988	(771,122)	3,722,098
Items that will not be subsequently reclassified to profit or loss				
Equity accounted investees - share of OCI, net of tax	31,752	-	7,063	16,321
Comprehensive income taken to equity	16,310,554	9,857,267	27,462,271	21,771,791
Comprehensive income not recognised in equity				
Items that may be subsequently reclassified to profit or loss				
Share in revaluation reserve of associates-net	65,937	(11,682)	41,248	36,044
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	16,376,491	9,845,585	27,503,519	21,807,835

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.


Chairman

Chief Executive Officer

Director

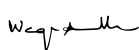
Chief Financial Officer

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

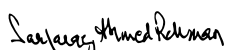
For the nine month period ended September 30, 2021

	Attributable to equity holder's of Fauji Fertilizer Company Limited							
	Capital reserves				Revenue reserves			
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Statutory reserve	General reserve	Unappropriated profit	Deficit / (surplus) on remeasurement of investments to fair - net
						(Rupees '000)		
Balance as at January 1, 2020 (Audited)	12,722,382	40,000	120,000	2,158,938	2,631,780	8,802,360	34,247,091	(1,255,521)
								-
Total comprehensive income								
Profit for the period	-	-	-	-	-	-	18,033,372	-
Other comprehensive income - net of tax	-	-	-	458,967	-	-	16,321	3,263,131
	-	-	-	458,967	-	-	18,049,693	3,263,131
Transactions with owners of the Company								
Distributions:								
Final dividend 2019: Rs 3.25 per share	-	-	-	-	-	-	(4,134,774)	-
First interim dividend 2020: Rs 2.50 per share	-	-	-	-	-	-	(3,180,596)	-
Second interim dividend 2020: Rs 2.75per share	-	-	-	-	-	-	(3,498,655)	-
	-	-	-	-	-	-	(10,814,025)	-
Other changes in equity								
Transfer to statutory reserve	-	-	-	-	818,452	-	(818,452)	-
Balance as at September 30, 2020 (Un-Audited)	12,722,382	40,000	120,000	2,617,905	3,450,232	8,802,360	40,664,307	2,006,610
Balance as at January 1, 2021 (Audited)	12,722,382	40,000	120,000	2,785,992	3,790,641	8,802,360	48,814,236	663,884
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	-	-	2,254,511
Total comprehensive income								
Profit/(loss) for the period	-	-	-	-	-	-	28,226,330	-
Other comprehensive income / (loss) - net of tax	-	-	-	(118,750)	-	-	7,063	(652,372)
	-	-	-	(118,750)	-	-	28,233,393	(652,372)
Transactions with owners of the Company								
Distributions:								
Final dividend 2020: Rs 3.40 per share	-	-	-	-	-	-	(4,325,610)	-
First interim dividend 2021: Rs 3.50 per share	-	-	-	-	-	-	(4,452,834)	-
Second interim dividend 2021: Rs 2.60 per share	-	-	-	-	-	-	(3,307,819)	-
	-	-	-	-	-	-	(12,086,263)	-
Other changes in equity								
Transfer to statutory reserve	-	-	-	-	1,160,038	-	(1,160,038)	-
Balance as at September 30, 2021 (Un-Audited)	12,722,382	40,000	120,000	2,667,242	4,950,679	8,802,360	63,801,328	11,512
								2,254,511
								95,370,014

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.



Chairman



Chief Executive Officer



Director



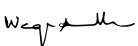
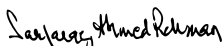
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

For the nine month period ended September 30, 2021

	Note	September 30, 2021	September 30, 2020
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	15	12,635,748	38,093,016
Finance cost paid		(1,311,282)	(2,219,941)
Income tax paid		(6,163,968)	(4,301,398)
		(7,475,250)	(6,521,339)
Net cash generated from operating activities		5,160,498	31,571,677
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,668,065)	(1,538,759)
Investment in FWEL - I & II		(13,512,339)	23,281
Proceeds from sale of operating fixed assets		26,667	-
Advance against issue of shares - Thar Energy Limited		(376,707)	-
Other investments - net		3,884,931	398,206
Interest and profit received		748,637	808,496
Dividend received		2,150,266	1,151,177
Net cash (used in) / generated from investing activities		(9,746,610)	842,401
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing			
Draw-downs		9,207,720	5,526,290
Repayments		(3,744,976)	(4,374,333)
Repayment of lease liabilities		(9,836)	(20,161)
Dividend paid		(12,084,181)	(10,880,739)
Net cash used in financing activities		(6,631,273)	(9,748,943)
Net (decrease) / increase in cash and cash equivalents		(11,217,385)	22,665,135
Cash and cash equivalents at beginning of the period		57,974,712	32,683,531
Effect of exchange rate changes		(106,557)	160,464
Cash and cash equivalents at end of the period		46,650,770	55,509,130
CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,523,539	2,624,680
Short term borrowings - secured		(37,556,993)	(11,985,811)
Short term highly liquid investments		82,684,224	64,870,261
		46,650,770	55,509,130

The annexed notes 1 to 19 form an integral part of these condensed interim consolidated financial statements.


Chairman

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Fauji Fertilizer Company Limited (the Group) comprises of Fauji Fertilizer Company Limited (FFC / parent company) and its subsidiaries, FFC Energy Limited (FFCEL), Fauji Fresh n Freeze Limited (FFF), Foundation Wind Energy - I Limited (FWEL-I) and Foundation Wind Energy - II Limited (FWEL-II) incorporated in Pakistan as public limited companies, and OLIVE Technical Services (Private) Limited. The shares of FFC are quoted on Pakistan Stock Exchange.

The principal activity of FFC is manufacturing, purchasing and marketing of fertilizers and chemicals, including investment in other fertilizer, chemical, cement and banking operations. FFCEL has setup a 49.5 MW wind energy power project. FFF is principally engaged in the business of processing fresh, frozen fruit, vegetables, fresh meat, frozen cooked and semi cooked food. OLIVE Technical Services (Private) Limited is engaged in provision of Technical, Operations, Maintenance, Inspection and IT Services. FWEL-I & FWEL-II are each, 50 MW wind energy plants.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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 provisions of and directives issued under the Companies Act, 2017 have been followed.

The applicable framework for banks also includes the Banking Companies Ordinance 1962 and the provisions of and directives issued by the State Bank of Pakistan.

- 2.2 The disclosures in these condensed interim consolidated financial statements do not include the information reported for full annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2020. Comparative figures of condensed interim statement of financial position is extracted from audited consolidated financial statements as at December 31, 2020 whereas comparative figures of condensed interim statement of profit or loss account, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from unaudited condensed interim consolidated financial information of the Group for the nine month period ended September 30, 2020.

- 2.3 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 listing regulations of the Pakistan Stock Exchange.

2.4 BUSINESS COMBINATION

2.4.1 Summary of Acquisitions

Foundation Wind Energy - I Limited

On September 29, 2021 (acquisition date), the Company acquired 100% of the issued share capital of Foundation Wind Energy - I Limited (FWEL-I). FWEL-I was incorporated in Pakistan on June 16, 2005 as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The registered head office of the Company is located at Fauji Tower, 68 Tipu Road, Rawalpindi Cantt, Rawalpindi. The Company was established with the primary objective to undertake the business of power generation and sale. The electricity generated is transmitted to the National Transmission and Dispatch Company (NTDC) / Central Power Purchase Agency - Guarantee Limited (CPPA-G) under the Energy Purchase Agreement (EPA) dated December 20, 2012. This EPA is valid for a period of 20 years. The plant, 50 MW Wind Turbine Generators (WTGs), of the Company is located in Gharo Creek Area, District Thatta of Sindh province for which Alternative1 Energy Development Board (AEDB) has allocated 1,210 acres of land to the Company under a sublease agreement. The Company achieved Commercial Operation Date (COD) on April 11, 2015.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

Foundation Wind Energy - II Limited

On September 29, 2021 (acquisition date), the Company acquired 80% of the issued share capital of Foundation Wind Energy - II Limited (FWEL-II). FWEL-II was incorporated in Pakistan on October 5, 2004 as a private limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company applied for conversion into public limited company and the related certificate of conversion into public limited company was issued by Securities and Exchange Commission of Pakistan (SECP) with effect from September 4, 2018. The registered head office of the Company is located at Fauji Tower, 68 Tipu Road, Rawalpindi Cantt, Rawalpindi. The Company was established with the primary objective to undertake the business of power generation and sale. The electricity generated is transmitted to the National Transmission and Despatch Company (NTDC) / Central Power Purchase Agency - Guarantee Limited (CPPA-G) under the Energy Purchase Agreement (EPA) dated December 20, 2012. This EPA is valid for a period of 20 years. The plant, 50 MW Wind Turbine Generators (WTGs) , of the Company is located in Ghara Creek Area, District Thatta of Sindh province for which Alternative Energy Development Board (AEDB) has allocated 1,656 acres of land to the Company under a sublease agreement. The Company achieved Commercial Operation Date (COD) on December 10, 2014.

2.4.2 Assets acquired and liabilities assumed

International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognized and carried at fair values.

The acquisition has been accounted for by applying the purchase method in accordance with the requirements of IFRS 3. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalize the accounting for business combination. Any adjustment arising within this period will be incorporated with retrospective effect from the date of acquisition. Identified assets acquired, liabilities assumed or incurred have been carried at the fair value as at the acquisition date.

EY Ford Rhodes (an independent professional consultants) have been engaged by the Company for the Purchase Price Allocation (PPA) exercise. Details of the fair values of the assets acquired, liabilities assumed and purchase consideration and the resultant Bargain Purchase Gain recognized are as follows:

	FWEL-I	FWEL-II
	(Rupees '000)	
General reserves	11,306,480	11,272,557
Percentage of identifiable net assets acquired	100%	80%
	11,306,480	11,272,557
Non- Controlling Interest	-	2,254,511
Purchase consideration paid in cash	7,493,051	6,019,288
Gain on bargain purchase	2.4.2.1 3,813,429	2,998,758

Acquisition-related costs amounting to Rs 120 million are included in cost of sales in the statement of profit or loss account for the nine month period ended September 30, 2021.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

Foundation Wind Energy - I Limited

	Carrying values as at September 30, 2021	Fair value adjustments/ intangible recognized	Fair Values as at September 30, 2021
	(Rupees '000)		
Assets			
Property, plant and equipment	10,428,030	(2,089,579)	8,338,451
Intangible assets	-	686,000	686,000
Trade Debts	5,114,298	-	5,114,298
Advances and other receivables	496,520	-	496,520
Due from government agencies - advance tax	191,827	-	191,827
Short term investments	1,368,157	-	1,368,157
Cash	363,775	-	363,775
	<u>17,962,607</u>	<u>(1,403,579)</u>	<u>16,559,028</u>
Liabilities			
Long term financing	1,097,947	-	1,097,947
Deferred employees' benefits	9,615	-	9,615
Lease liabilities	3,294,293	-	3,294,293
Trade and other payables	764,637	-	764,637
Accrued finance costs	70,565	-	70,565
Provision for taxation	15,491	-	15,491
	<u>5,252,548</u>	<u>-</u>	<u>5,252,548</u>

Foundation Wind Energy - II Limited

Assets			
Property, plant and equipment	10,172,793	(2,094,780)	8,078,013
Intangible assets	-	806,000	806,000
Trade Debts	5,117,298	-	5,117,298
Advances and other receivables	515,345	-	515,345
Due from government agencies - advance tax	220,386	-	220,386
Short term investments	1,324,519	-	1,324,519
Cash	345,289	-	345,289
	<u>17,695,630</u>	<u>(1,288,780)</u>	<u>16,406,850</u>
Liabilities			
Long term financing	1,009,360	-	1,009,360
Deferred employees' benefits	9,615	-	9,615
Lease liabilities	3,282,966	-	3,282,966
Trade and other payables	750,161	-	750,161
Accrued finance costs	67,852	-	67,852
Provision for taxation	14,339	-	14,339
	<u>5,134,293</u>	<u>-</u>	<u>5,134,293</u>

Carrying value of property, plant and equipment has been adjusted to exclude an impact of exchange rate movements capitalized (net of depreciation) up to the acquisition date.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

- 2.4.2.1** FWEL-I and FWEL-II incurred a loss Rs 1,013 thousand and Rs 2,260 thousand, respectively, from the date of acquisition and is considered immaterial for the preparation of these consolidated financial statements as at September 30, 2021. These amounts have been netted from the Bargain Purchase Gain in the statement of profit or loss.

2.4.3 Bargain Purchase Gain

As described above, the acquisition of the FWEL-I and FWEL-II is a bargain purchase as the Fair value of net assets including the intangible asset separately identified exceeds the fair value of purchase consideration paid by the Company as at the acquisition date. Under IFRS 3 a bargain purchase represents an economic gain, which should be immediately recognised by the acquirer in the statement of profit or loss.

2.4.4 Intangible Assets acquired in Business Combination

For the purpose of fair valuation of Customer Relationship (Energy Purchase Agreement), Multi-period Excess Earning Method (MEEM) of the Income Approach under IFRS-13 "Fair Value Measurement" has been applied. Under this method the value of a specific intangible asset is estimated from the residual earnings after fair returns on all other assets employed have been deducted from the asset's after tax operating earnings.

2.4.5 Non-Controlling Interest

As at the date of acquisition the purchase of non-controlling interest (NCI) is measured at the proportionate share of the NCI in the fair value of net assets acquired by FWEL-II, as allowed under the requirements of IFRS 3.

2.4.6 Contingent Consideration

As part of the Share Purchase Agreement (SPA) signed between the Company, and previous owners of FWEL-I and FWEL-II, contingent consideration has been agreed for Delayed Payment Surcharge as per the mechanism set out in the SPA. Considering the uncertainty and improbability of timing and value of the contingent consideration, the same has not been recognized in these condensed interim financial statements.

3. Significant Accounting Policies

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim consolidated financial statements 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, 2020.

4. SHARE CAPITAL

AUTHORISED SHARE CAPITAL

This represents 1,500,000,000 (2020: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2020: Rs 15,000,000 thousand).

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited September 30, 2021	Audited December 31, 2020		Un-audited September 30, 2021	Audited December 31, 2020
(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
<u>1,272,238,247</u>	<u>1,272,238,247</u>		<u>12,722,382</u>	<u>12,722,382</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

	Note	Un-audited September 30, 2021	Audited December 31, 2020
(Rupees '000)			
5. LONG TERM BORROWINGS - SECURED			
From conventional banks			
Fauji Fertilizer Company Limited	5.1	13,134,162	12,962,097
FFC Energy Limited	5.2	2,240,590	2,900,856
Fauji Fresh n Freeze Limited	5.3	80,701	118,326
Foundation Wind Energy - I Limited	5.4	1,169,848	-
Foundation Wind Energy - II Limited	5.5	1,077,641	-
From Islamic banks			
Fauji Fertilizer Company Limited	5.6	8,000,000	2,000,000
		25,702,942	17,981,279
Less: Current portion shown under current liabilities			
From conventional banks		6,637,506	5,531,827
From Islamic banks		500,000	250,000
		7,137,506	5,781,827
		18,565,436	12,199,452
5.1 Movement during the period / year is as follows:			
Opening balance		12,962,097	10,833,750
Draw-downs during the period / year		3,200,000	2,128,347
Repayments during the period / year		(3,027,935)	-
Closing balance	5.1.1	13,134,162	12,962,097
5.1.1 The borrowings are secured by way of hypothecation of Company's assets including plant, machinery, tools & spares and other movable properties, ranking pari passu with each other with 25% margin.			
These carry mark-up ranging between 6 month KIBOR + 0.08% to 0.20% per annum and 3 month KIBOR + 0.15% per annum (December 31, 2020: 6 month KIBOR + 0.08% to 0.40% per annum and 3 month KIBOR + 0.15% to 0.40% per annum) and are repayable up to September 2026 (December 31, 2020: December 2025).			
The Company also availed Rs. 2,000,000 thousand currently outstanding at Rs. 1,250,000 thousand under the SBP refinance scheme at markup rate from 0.25% to 0.50% (December 31, 2020: 0.25% to 0.50%). This has been recognized at amortized cost, calculated at an effective rate of 7.33%.			
	Note	Un-audited September 30, 2021	Audited December 31, 2020
(Rupees '000)			
5.2 Movement during the period / year is as follows:			
Opening balance		2,900,856	4,115,230
Draw-downs during the period / year		-	-
Repayments during the period / year		(669,692)	(1,231,879)
		2,231,164	2,883,351
Less: Transaction cost			
Amortized during the period / year		9,426	17,505
Closing balance	5.2.1	2,240,590	2,900,856

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

- 5.2.1** This represents long term loan obtained from a consortium of eight financial institutions. This loan carries mark up at six months KIBOR plus 150 basis points payable six monthly in arrears. This loan is repayable on semi-annual installments ending in December 2022. This loan is secured against:

- First ranking exclusive assignment / mortgage over receivables under Energy Purchase Agreement.
- Lien over and set-off rights on project accounts.
- First ranking charge over all moveable assets of the Company.
- Exclusive mortgage over lease rights in immovable property on which project situate.
- Pledge of 51% share of FFCEL as an additional comfort, collateral value (Rs: 0) and security margin (%: 0).

The long term loan contains certain covenants under the Common Terms Agreement (CTA) dated February 11, 2011, including the maintenance of certain financial ratios, the breach of which will render the loan repayable on demand. Further, CTA contains covenants on the distribution of dividend from the project accounts.

First Amendment to the PF Facility Agreement ("the Amendment") was signed on November 30, 2017 between the Company and the Financial Institutions. Under the Amendment, the mark-up rate was reduced to six months KIBOR plus 150 basis points from six months KIBOR plus 295 basis points with effect from June 30, 2017.

Note	Un-audited September 30, 2021	Audited December 31, 2020
	(Rupees '000)	
5.3 Movement during the period / year is as follows:		
Opening balance	118,326	141,625
Draw-downs during the period / year	7,720	126,290
Repayments during the period / year	(47,349)	(141,625)
	78,697	126,290
Deferred grant recognized	2,004	(7,964)
Closing balance	80,701	118,326

5.3.1

- 5.3.1** These facilities are secured by way of first pari passu charge of Rs 182.53 million (inclusive of 25% margin) over all future and present fixed assets (excluding land and building). The loans are payable in 8 quarterly equal installments ending on October 1, 2022 and carry markup of SBP rate (0% + 0.25% to 0.5%) per annum, payable quarterly. The differential mark up has been recognised as deferred government grant, which will be amortised to interest income over the period of the facilities.

FFF also obtained facility for enhancement of its production capacity by installing new French fries production line along with allied equipments. This facility is secured by way of first pari passu hypothecation charge over all present and future fixed assets (excluding land and building) of the Company with 25% margin and corporate guarantee of the Parent Company. The loan is payable on quarterly or biannual basis with two year grace period and carries markup of SBP rate (1% + 1.5%) per annum.

- 5.4** This represents the Musharka Finance Facility of Rs.3,000 million which has been arranged from a consortium of three banks namely National Bank of Pakistan, Faysal Bank Limited and United Bank Limited with participation of Rs.1,000 million each. This facility has been arranged to meet the remaining debt finance requirements for the project cost as stated above. The rate of markup is sixmonths KIBOR plus 2.95%.The facility is repayable in 19 semi-annual installments ,the first such payment commencing on 01 Jan 2015 and the non rental payment date (each 1 January and 1 July) until and including the final maturity date on 01 January 2024. Any delay in payments by the FWEL-I is subject to an additional payment of 2% per annum above the normal rate of return. The facility is secured by first pari passu hypothecation charge on all of present and future, fixed and current, tangible and intangible undertakings and properties of FWEL-I (excluding the mortgaged immovable properties as defined in the memorandum of deposit of title deeds, the Security Accounts (including the amounts deposited therein) and the Company LC account (including the amounts deposited therein)) for an amount of Rs. 4,000 million in favour of United Bank Limited being the Security Trustee, first exclusive assignment over receivable, pledge of share, lien on project accounts and all other secured obligations owed to local secured lenders. This charge has also been registered against assets of FFBL, a related party.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

- 5.5** This represents the Musharka Finance Facility of Rs. 3,000 million which has been arranged from a consortium of three banks namely National Bank of Pakistan, Allied Bank Limited and Meezan Bank Limited with participation of Rs. 1,000 million each. This facility has been arranged to meet the remaining debt finance requirements for the project cost as stated above. Restructuring of the referred facility was carried on 15 August 2014, after which, first and second base rental payments due on 01 July 2014 and 01 January 2015 have been rescheduled. Accordingly, the facility amount has been reduced to Rs. 2,683 million. The rate of markup is six months KIBOR plus 2.95%. The facility is now repayable in 19 semi-annual installments, the first such payment commencing on 01 January 2015 and then on rental payment date (each 1 January and 1 July) until and including the final maturity date on 01 January 2024. Any delay in payments by the FWEL-II is subject to an additional payment of 2% per annum above the normal rate of return. The facility is secured by first pari passu hypothecation charge on all of present and future, fixed and current, tangible and intangible undertakings and properties of FWEL-II (excluding the mortgaged immovable properties as defined in the memorandum of deposit of title deeds, the Security Accounts (including the amounts deposited therein) and LC account (including the amounts deposited therein)) for an amount of Rs. 4,000 million in favour of Allied Bank Limited being the Security Trustee, first exclusive assignment over receivable, pledge of share, lien on project accounts and all other secured obligations owed to local secured lenders. This charge has also been registered against assets of FFBL, a related party.

	Note	Un-audited September 30, 2021	Audited December 31, 2020
(Rupees '000)			
5.6 Movement during the period / year is as follows:			
Opening balance		2,000,000	350,000
Draw-downs during the period / year		6,000,000	2,000,000
Repayments during the period / year		-	(350,000)
Closing balance	5.6.1	8,000,000	2,000,000

- 5.6.1** The borrowings are secured by way of hypothecation of Company's assets including plant, machinery, tools & spares and other movable properties, ranking pari passu with each other with 25% margin. These carry profit rate of 6 month KBOR + 0.10% - 0.30% per annum (December 31, 2020: 6 month KIBOR+ 0.10% per annum) and are repayable up to September 2026 (December 31, 2020: May 2025).

	Note	Un-audited September 30, 2021	Audited December 31, 2020
(Rupees '000)			

6. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE

Balance at the beginning		56,716,885	61,064,449
Movement during the year		-	1,578,973
		56,716,885	62,643,422
Gain on extinguishment of original GIDC liability - credited to profit or loss		-	(5,926,537)
Unwinding of GIDC liability		1,814,573	-
		58,531,458	56,716,885
Less: Current portion of GIDC payable	6.1	(31,333,609)	(23,945,221)
Long-term portion of GIDC payable		27,197,849	32,771,664

- 6.1** This amount is included in trade and other payables.
- 6.2** Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 has declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including the Company were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government in 24 equal monthly installments.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

GIDC was declared payable on the presumption that burden of same has been passed to the customers. In this regard, the Company, along with other industries, filed a review petition before the SCP on the grounds that a factual determination may be carried out to determine how much of the GIDC burden has actually been passed on, amongst other grounds. Later on SCP while deciding the review petition on November 2, 2020, disposed off the review petition against the gas consumers including the Company and stated that the Government of Pakistan is agreeable to recover the arrears in 48 monthly installments instead of 24 monthly installments.

The Company also filed a Suit with the Sindh High Court in September 2020 against collection of GIDC installments, before a factual determination of GIDC pass on is carried out, and the Sindh High Court granted a stay in September 2020 against recovery of GIDC payable from the Company till the finalisation of matter by Sindh High Court. The matter is currently pending in the Sindh High Court.

Pursuant to the above decisions of the SCP and without prejudice to the suit filed in Sindh High Court, the Company, on prudent basis had re-measured its GIDC liability payable to Mari Petroleum Company Limited (on behalf of the Government of Pakistan) in 48 monthly installments commencing from August 2020 in prior period. This modification in timing of settlement of GIDC liability reflected substantially different terms from the original liability recognized upto July 2020.

In accordance with the requirements of "Guidance on Accounting of GIDC" issued by the Institute of Chartered Accountants of Pakistan (ICAP) in January 2021, GIDC liability is being subsequently carried in the financial statements at amortized cost. During the period, no payments were made by the Company on account of GIDC. Further, the Company has also contested late payment surcharge on GIDC payments against recovery stay granted by Sindh High Court. The current and non-current portion of the GIDC liability has been segregated in the statement of financial position as at September 30, 2021 in accordance with the SCP decision on review petition.

	Note	Un-audited September 30, 2021	Audited December 31, 2020
		(Rupees '000)	
7. SHORT TERM BORROWINGS - secured			
From conventional banks	7.1	33,765,499	20,584,240
From Islamic banks	7.2	3,791,494	4,693,046
		37,556,993	25,277,286

- 7.1 Short Term Borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs. 49,571,600 thousand (December 31, 2020: Rs. 47,760,000 thousand) which represent the aggregate of all facility agreements between the Company and respective banks. The facilities have various maturity dates upto December 29, 2023 (December 31 2020: August 31, 2021).

The facilities are secured by pari passu / ranking hypothecation charges on assets of the Company besides lien over Mutual funds / PIBs in certain cases. The per annum rates of markup range between 1 month KIBOR + 0.05% to 0.35% and 3 month KIBOR + 0% to 0.35% (December 31, 2020: 1 week KIBOR minus 0.05%, 1 month KIBOR minus 0.05% to 1 month KIBOR + 0.35% and 3 month KIBOR minus 0.10% to 3 month KIBOR + 0.20%).

- 7.2 Shariah Compliant short term borrowings are available from various banking companies under profit arrangements against facilities amounting to Rs. 4,000,000 thousand (December 31, 2020: Rs. 5,000,000 thousand) which represent the aggregate of all facility agreements between the Company and respective banks. The facilities have various maturity dates upto May 31, 2022 (December 31, 2020: May 31, 2021).

The facilities are secured by ranking hypothecation charges on assets of the Company besides lien over PIBs in certain cases. The per annum rates of profit is 3 month KIBOR + 0% to 0.10% (December 31, 2020: 3 month KIBOR - 0.05% to 0.05%).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

		Un-audited September 30, 2021	Audited December 31, 2020
		(Rupees '000)	
8	CONTINGENCIES AND COMMITMENTS		
8.1	Contingencies:		
(i)	Guarantees issued by banks on behalf of the Group companies	5,621,063	5,140,917
(ii)	Claims against Group and/or potential exposure not acknowledged as debt	50,696	50,696
(iii)	Group's share of contingencies in Fauji Fertilizer Bin Qasim Limited	28,738,252	23,691,595
(iv)	Group's share of contingencies in Fauji Cement Company Limited as at June 30, 2021 (2020: September 30, 2020)	118,088	117,936
(v)	Group's share of contingencies in Askari Bank Limited as at June 30, 2021 (2020: September 30, 2020)	110,918,557	94,191,496
(vi)	Penalty of Rs 5,500,000 thousand imposed by the Competition Commission of Pakistan (CCP) in 2013, for alleged unreasonable increase in urea prices, which was set aside by the Competition Appellate Tribunal, in appeal filed by the Company, who also remanded the case back to CCP to decide the case afresh under guidelines provided by the Tribunal. CCP did not challenge this order before the Supreme Court of Pakistan in appeal within the stipulated time, thus making the appeal time barred. However, during the period, CCP under the said Tribunal guidelines, resumed the proceedings and the Company, duly joined these proceedings through Counsel. The Company also filed writ petition before Islamabad High Court and has procured suspension order against proceedings before CCP, till date of next hearing. The Company remains confident of successfully defending these unreasonable claims.		
	Note	Un-audited September 30, 2021	Audited December 31, 2020
		(Rupees '000)	
8.2	Commitments in respect of:		
(i)	Capital expenditure	3,716,605	1,613,024
(ii)	Purchase of fertilizer, stores, spares and other operational items	1,910,145	2,060,554
(iii)	Investment in Thar Energy Limited	2,060,848	2,307,192
(iv)	Group's share of commitments of PMP as at June 30, 2021 (2020: September 30, 2020)	35,675	6,232
(v)	Contracted out services	3,046,587	102,546
9.	PROPERTY PLANT AND EQUIPMENT		
	Operating fixed assets	9.1	47,336,614
	Capital work in progress	9.2	1,814,482
	Right of use assets	9.3	106,354
		49,257,450	32,595,937
9.1	Operating fixed assets		
	Opening written down value	31,573,294	30,375,178
	Written down value of FWEL- I & II	16,464,999	-
	Additions during the period / year	1,789,472	4,355,293
	Written down value of disposals / adjustments	(4,663)	(5,948)
	Transfers / adjustments	(4,860)	93
	Depreciation during the period / year	(2,481,628)	(3,151,322)
		47,336,614	31,573,294
9.1.1	Additions in and depreciation on operating fixed assets during the nine month period ended September 30, 2020 were Rs 2,512,813 thousand and Rs 2,369,019 thousand respectively.		

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

	Note	Un-Audited December 31, 2021	Audited December 31, 2020
(Rupees '000)			
9.2 Capital work in progress			
Opening value		935,638	2,258,030
Additions during the period / year		2,499,324	166,181
Transfers during the period / year		(1,620,480)	(1,488,573)
		1,814,482	935,638
9.3 Right of use assets			
Opening balance		87,005	124,950
Additions during the period / year		42,737	8,050
Depreciation during the period / year		(23,388)	(45,995)
		106,354	87,005
9.4 Depreciation charge has been allocated as follows:			
Cost of sales		2,399,995	3,066,038
Administrative and distribution expenses		97,345	121,907
Other expenses		1,735	1,852
Charged to FFBL under the Company Services Agreement		5,941	7,520
		2,505,016	3,197,317
10. LONG TERM INVESTMENTS			
Equity accounted investments	10.1	61,726,190	57,538,122
Other long term investments	10.2	3,496,765	4,974,076
		65,222,955	62,512,198
10.1 Equity accounted investments			
Investment in associated companies - under equity method			
Fauji Cement Company Limited			
Balance at the beginning		2,160,790	2,137,474
Share of profit for the period / year		249,941	23,316
		2,410,731	2,160,790
Fauji Fertilizer Bin Qasim Limited			
Balance at the beginning		24,051,779	17,561,761
Advance against issue of right shares		-	2,493,774
Share of profit for the period / year		2,832,448	3,219,922
Share of OCI for the period / year		(151,594)	776,322
		26,732,633	24,051,779
Askari Bank Limited			
Balance at the beginning		24,721,018	18,998,792
Share of profit for the period / year		2,961,723	4,637,970
Share of OCI for the period / year		(589,797)	1,899,908
Dividend received		(1,631,304)	(815,652)
		25,461,640	24,721,018

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2021

	Note	Un-audited September 30, 2021	Audited December 31, 2020
		(Rupees '000)	
Thar Energy Limited			
Balance at the beginning		3,186,377	3,189,926
Advance against issue of right shares		376,707	-
Share of loss for the period / year		(12,324)	(4,263)
Share of OCI for the period / year		124	714
		3,550,884	3,186,377
Investment in joint venture - under equity method			
Pakistan Maroc Phosphore S.A., Morocco			
Balance at the beginning		3,418,158	2,989,560
Share of profit for the period / year		708,890	419,746
Gain on translation of net assets		(37,784)	344,377
Dividend received		(518,962)	(335,525)
		3,570,302	3,418,158
		61,726,190	57,538,122
10.2 Other long term investments			
Investment at fair value through other comprehensive income			
Term Deposit Receipts - from conventional banks		113,769	125,548
Term Finance Certificates - from conventional bank		195,648	200,000
GOP Sukuk Bonds		445,201	-
Pakistan Investment Bonds		5,036,018	4,736,896
		5,790,636	5,062,444
Less: Current portion shown under short term investments			
Investments at fair value through other comprehensive income			
Term Deposit Receipts - from conventional banks		37,738	21,516
Pakistan Investment Bonds		2,256,133	66,852
	12	2,293,871	88,368
		3,496,765	4,974,076

11. OTHER RECEIVABLES

These include Rs 6,961,878 thousand (2020: Rs 6,961,878 thousand) on account of subsidy receivable - gross and Rs 16,746,190 thousand (2020: Rs 14,196,402 thousand) on account of sales tax receivable from the Government.

	Un-audited September 30, 2021	Audited December 31, 2020
	(Rupees '000)	

12. SHORT TERM INVESTMENTS

Amortised cost - conventional investments

Term deposits with banks and financial institutions

Local currency

Foreign currency

2,830,349	1,286,000
2,605,949	2,426,874
5,436,298	3,712,874

		Un-audited September 30, 2021	Audited December 31, 2020
	Note		
		(Rupees '000)	
Investments at fair value through profit or loss			
Conventional investments		77,027,611	74,767,100
Shariah compliant investments		222,697	4,619,771
		77,250,308	79,386,871
Current maturity of long term investments			
Investments measured at fair value through other comprehensive income	10	2,293,871	88,368
		84,980,477	83,188,113

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

For the nine month period ended September 30, 2021

	Fertilizers	Power	Food	Technical Services	Total
	(Rupees '000)				
December 31, 2020					
(Audited)					
Assets					
Segment assets (Total)	143,014,409	12,964,298	2,693,523	-	158,672,230
Equity accounted investees	57,538,122	-	-	-	57,538,122
Liabilities					
Segment liabilities (Total)	133,321,346	3,312,619	444,299	-	137,078,264
Capital expenditure	2,934,333	68,813	29,755	-	3,032,901
Depreciation	2,312,604	585,982	298,731	-	3,197,317

*Net of consolidated adjustments / eliminations

	September 30, 2021	September 30, 2020
	(Rupees '000)	
15. CASH GENERATED FROM OPERATIONS		
Profit before taxation	35,266,761	23,829,784
Adjustments for:		
Depreciation	2,483,090	2,382,990
Amortization	4,115	5,797
Unwinding of GIDC liability	1,198,818	
Bargain Purchase Gain	(6,808,824)	-
Amortization of transaction cost	9,426	13,786
(Reversal of) / provision for slow moving spares	(5,070)	57,696
Provision for stock in trade	-	1,347
Finance cost	1,667,981	1,861,435
Gain on sale of operating fixed assets	(22,004)	(20,209)
Income on loans, deposits and investments	(666,411)	(682,935)
Amortization of Government grant	(51,454)	-
Share of (profit) / loss of associated companies and joint venture	(6,740,678)	(3,556,280)
Exchange loss / (gain) - net	112,473	(160,464)
Gain on remeasurement of investments at fair value through profit or loss	(683,936)	(515,689)
	(9,502,474)	(612,526)
	25,764,287	23,217,258
Changes in:		
Stores, spares and loose tools	(271,399)	(977,358)
Stock in trade	(10,723,627)	4,253,318
Trade debts	(803,750)	7,552,941
Loans and advances	(141,438)	109,555
Deposits and prepayments	(106,687)	(161,956)
Other receivables	(2,396,353)	(767,596)
Trade and other payables	1,989,101	5,498,021
	(12,454,153)	15,506,925

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

For the nine month period ended September 30, 2021

	September 30, 2021	September 30, 2020
	(Rupees '000)	
Changes in long term loans and advances	(669,469)	(628,017)
Changes in long term deposits and prepayments	(4,917)	(3,150)
	12,635,748	38,093,016

16. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Groups's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended December 31, 2020. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited consolidated financial statements of the Company for the year ended December 31, 2020.

The carrying amount of all financial assets and liabilities are estimated to approximate their fair values.

September 30, 2021	September 30, 2020
(Rupees '000)	

17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Significant transactions and balances with the related parties are as follows:

HOLDING COMPANY**Transactions**

Dividend paid	5,360,258	4,796,020
Consideration paid for acquisition - FWEL I & II	8,256,333	-
Cost recharge	194,584	62,500
Sale of fertilizer	1,255	4,359
Others	105	4,739

Balances

Balance payable - unsecured *	70,786	52,500
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ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP**Transactions**

Expenses charged on account of marketing of fertilizer on behalf of associated company	813,023	851,541
Commission on sale of products	17,931	19,096
Consideration paid for acquisition - FWEL I & II	5,256,006	-
Payment under consignment account - net	69,124,139	55,600,873
Purchase of gas as feed and fuel stock	24,596,139	25,037,636
Equity investment	-	416,533
Advance against issue of shares	376,707	-
Services and materials provided	16,901	23,840
Services and materials received	1,368	1,022
Donation	194,000	164,473
Interest expense	132,140	154,548
Interest income	13,421	68,395
Dividend income	1,926,551	1,151,177

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
For the nine month period ended September 30, 2021

	September 30, 2021	September 30, 2020
	(Rupees '000)	
Balances		
Dividend receivable *	-	223,715
Long term investments*	113,769	125,548
Short term borrowing *	3,218,750	2,303,598
Long term borrowings *	200,751	141,265
Bank balance *	82,752	131,496
Running finance *	89,368	153,285
Balance receivable - unsecured *	360,858	362,345
Balance payable - unsecured *	67,842,417	66,368,028
KEY MANAGEMENT PERSONNEL		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2021: 1 and 442 (2020: 1 and 419) respectively.	3,927,843	3,668,296
Contribution and balances with staff retirement funds		
Employees' Provident Fund Trust	371,828	364,278
Employees' Gratuity Fund Trust	229,632	253,724
Employees' Pension Fund Trust	217,967	159,720
Employees' Funds as Dividend on equity holding of 0.18% (2020: 0.18%)	21,575	18,528
Balance payable to Gratuity Fund Trust *	677,557	734,965
Balance payable to Pension Fund Trust *	402,705	439,697

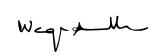
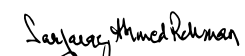
* Comparative figures of receivable / payable balances are as of December 31, 2020.

18. NON ADJUSTING EVENTS AFTER REPORTING DATE

- 18.1** The Board of Directors of FFC in its meeting held on October 27, 2021 proposed third interim dividend of Rs 3.75 per share.

19. GENERAL

- 19.1** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 19.2** Late in 2019 news emerged from China about the COVID-19 (Coronavirus). In the first few months of 2020 the virus had spread globally, and its negative impact had gained momentum. The management considers presently this outbreak does not have any impact on the amounts being reported in the Group's statement of financial position as at September 30, 2021. While this is still an evolving situation as at the time of issuing these condensed interim consolidated financial statements yet, to date the operations of the Group have continued uninterrupted during this pandemic, future effects cannot be predicted. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.
- 19.3** These condensed interim consolidated financial statements have been authorized for issue by the Board of Directors of FFC on October 27, 2021.


Chairman

Chief Executive Officer

Director

Chief Financial Officer



SAY NO TO CORRUPTION





If undelivered please return to:
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Askari Bank Ltd

