

HALF YEARLY

FINANCIAL STATEMENTS

30 JUNE, 2020 (UN-AUDITED)



FAUJI FERTILIZER COMPANY LIMITED



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SAY NO TO CORRUPTION

Company Information

BOARD OF DIRECTORS

Mr. Waqar Ahmed Malik

Chairman

Lt Gen Tariq Khan, HI(M) (Retd)

Chief Executive & Managing Director

Dr Nadeem Inayat

Mr Farhad Shaikh Mohammad

Mr Per Kristian Bakkerud

Maj Gen Javaid Iqbal Nasar, HI(M) (Retd)

Mr Saad Amanullah Khan

Mr Rehan Laiq

Ms Maryam Aziz

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

Mr Sher Alam Mahsud

Syed Muhammad Tariq Huda

Mr. Qamar Haris Manzoor

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: ffcw@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

PIA Building, 3rd Floor, 49 Blue Area, P.O.Box 3021, Islamabad

Tel No. +92-51-2273457-60, 2604934-37, Fax No. +92-51-2277924, 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 half year ended June 30, 2020

Dear Shareholders,

We are pleased to inform that the Company has been able to achieve sustained profitability of Rs 9.14 billion compared to Rs 8.91 billion last year, despite the negative impact of COVID-19 on the economy.

Health and safety of our employees and business partners has been FFC's priority since the outbreak of the pandemic. We have also been able to achieve uninterrupted business operations, besides catering to the demands of our customers, through the commitment of our employees while adhering in full, to the globally accepted SOPs developed to safeguard against the effects of COVID-19.

The Company achieved aggregate Sona Urea production of 1,259 thousand tonnes at a combined operating efficiency of 123%, higher by 4% than the last year. FFC achieved a new benchmark in terms of highest ever Sona Urea offtake of 1,271 thousand tonnes, 7% above last year. Aggregate turnover of Rs 43.78 billion however decreased by 6 % mainly due to reduction in selling prices of urea on the back of decrease in GIDC rates by the Government, and also as a result of decline in DAP sales.

The Company registered 15% improvement in other income, whereas dividend income from investments, which is beyond the control of Company, decreased by Rs 330 million compared to last year. As a result, the Company achieved earnings per share of Rs 7.18 compared to Rs 7.00 last year with an improvement of 3%.

In view of sustained results and maintaining a regular stream of income for the shareholders, the Board is pleased to announce second interim dividend of Rs 2.75 per share, with an aggregate distribution of Rs 5.25 during the first half of the year.

FUTURE OUTLOOK

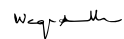
The Finance Act 2020 has disallowed proportionate business expenditure, up to a maximum 10% against sales made to dealers who are not registered under the Sales Tax Act 1990. This change, combined with the earlier disallowance of input GST, has significantly pressurized the Company's profitability. The industry is being penalized for the inability of the Government to get such persons registered and the Company may have to pass on the impact of these unjust disallowances, to maintain its profitability under the prevailing testing circumstances.

The issues of mismatch in input / output GST rates remains unaddressed by the Government resulting in ever increasing GST refunds. These refunds, in addition to long outstanding subsidy receivables continue to burden the Company's liquidity and profitability.

COVID-19 pandemic has impacted food security across the globe. Government needs to fully recognize that food security is a major challenge and favourable Governmental policies regarding agriculture and fertilizer sector are therefore pivotal for the farming community as well as for the Country to achieve self-sufficiency.

Going forward, the Company remains focused on monitoring the environmental, social and financial factors to maintain a safe and healthy environment for all its stakeholders besides offering attractive returns to its shareholders.

On behalf of the Board,



Mr. Waqar Ahmed Malik
Chairman



Lt Gen Tariq Khan
HI (M), (Retired)
Chief Executive & Managing Director

Rawalpindi
July 27, 2020

ڈائریکٹرز کا تجزیہ

معزز حصہ داران!

ہمیں یہ اطلاع دیتے ہوئے مسرت ہو رہی ہے کہ کمپنی، COVID-19 کے ملکی معیشت پر منفی اثرات کے باوجود، 9.14 ارب روپے کا منافع حاصل کرنے میں کامیاب رہی ہے جو کہ گزشتہ برس 8.91 ارب روپے تھا۔

COVID-19 کے پھیلاؤ کے دوران ایف ایف سی کے ملازمین اور کاروباری شراکت داروں کی صحت اور حفاظت کمپنی کی اولین ترجیح ہے۔ اس کے علاوہ کمپنی بغیر کسی رکاوٹ کے اپنے کاروباری معاملات کو تسلسل کے ساتھ جاری رکھنے کے ساتھ ساتھ اپنے گاہکوں کی مانگ پورا کرنے میں بھی کامیاب رہی ہے جس کی وجہ ہمارے ملازمین کا عزم اور کمپنی کی COVID-19 سے بچاؤ کی بہترین تدابیر کا نفاذ تھا۔

کمپنی نے 123 فیصد کی مجموعی پیداواری صلاحیت کے ساتھ 1,259 ہزار ٹن سونا یوریا کی پیداوار حاصل کی، جو گزشتہ برس کے مقابلے میں 4 فیصد زائد ہے۔ ایف ایف سی نے سونا یوریا کی 1,271 ہزار ٹن کی فروخت کے ساتھ ایک نیا ریکارڈ بھی قائم کیا جو کہ گزشتہ برس کے مقابلے میں 7 فیصد زائد ہے۔ تاہم، 43.78 ارب روپے کی مجموعی آمدن میں گزشتہ برس کے مقابلے میں 6 فیصد کی واپس ہوئی جس کا سبب حکومت کی جانب سے GIDC کے نرخوں میں تخفیف کے باعث یوریا کی قیمتوں میں کمی کے ساتھ ساتھ DAP کی فروخت میں کمی بھی تھی۔

کمپنی نے دیگر آمدن میں 15 فیصد کی بہتری ریکارڈ کی، جبکہ سرمایہ کاری سے حاصل ہونے والی منافع منقسم آمدنی، جو کمپنی کے کنٹرول سے باہر ہے، گزشتہ سال کے مقابلے میں 330 ملین روپے کم رہی۔ نتیجتاً، کمپنی نے 7.18 روپے فی حصہ آمدن حاصل کی جس میں گزشتہ برس کی 7.00 روپے فی حصہ آمدن کے مقابلے میں 3 فیصد کا اضافہ ہوا ہے۔

نتیجہ میں تسلسل اور حصہ داران کے لیے مستقل آمدنی کو برقرار رکھنے کے پیش نظر، بورڈ دوسرے منافع منقسم 2.75 روپے فی حصہ کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے جس کے ساتھ پہلی ششماہی کے لیے مجموعی ادائیگی 5.25 روپے فی حصہ ہو گئی ہے۔

مستقبل کی توقعات

Finance Act 2020 نے کاروباری لاگت کا 10 فیصد تک کا خرچہ نام منظور کر دیا ہے جو Sales Tax Act 1990 کے مطابق رجسٹر نہ ہونے والے ڈیلرز کو فروخت سے منسلک ہے۔ اس تبدیلی کے علاوہ سیلز ٹیکس میں گزشتہ تبدیلی نے مل کمپنی کی آمدن پر دباؤ ڈالا ہے صنعت کو ان افراد کی رجسٹریشن کرنے میں حکومتی ناکامی کی سزا دی جارہی ہے اور موجودہ مشکل حالات میں اپنے منافع کو برقرار رکھنے کے لئے کمپنی کو ان غیر منصفانہ پابندیوں کے اثرات کو آگے منتقل کرنا پڑ سکتا ہے۔

Input اور Output سیلز ٹیکس کی شرح میں عدم مطابقت کا مسئلہ ابھی تک حکومتی عدم توجہی کا شکار ہے جو کہ مسلسل بڑھتے ہوئے GST Refunds کا باعث ہے۔ یہ Refunds اور اس کے علاوہ طویل عرصے سے واجب الوصول سبسڈی کمپنی کی Liquidity اور منافع پر مسلسل دباؤ ڈالے ہوئے ہیں۔

COVID-19 کی وباء نے غذائی تحفظ کو دنیا بھر میں متاثر کیا ہے۔ حکومت کے لیے غذائی تحفظ کا تفصیلی جائزہ کرنا ضروری ہوگا اور اس کے ساتھ ساتھ زراعت اور کھاد کے شعبے سے متعلقہ سازگار حکومتی پالیسیاں کا شکاروں کے ساتھ ساتھ ملک کے لیے بھی بنیادی اہمیت کی حامل ہیں۔ مستقبل میں کمپنی ماحولیاتی، سماجی اور مالیاتی عوامل کی نگرانی پر توجہ مرکوز کیے ہوئے ہے تاکہ اپنے شراکت داروں کو محفوظ اور صحت مند ماحول مہیا کرنے کے ساتھ ساتھ اپنے حصہ داران کو پرکشش منافع بھی فراہم کر سکے۔

بورڈ کی جانب سے

ذیل احمد

چیرمین

وقار احمد ملک

راولپنڈی

27 جولائی 2020

Chiranjeev

چیف ایگزیکٹو اور مینجنگ ڈائریکٹر

لیفٹیننٹ جنرل طارق خان

ہلال امتیاز (ملٹری)، ریٹائرڈ

Independent Auditors' Review Report

To the members of Fauji Fertilizer Company Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Fauji Fertilizer Company Limited (the Company) as at June 30, 2020 and the related 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, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of profit or loss and other comprehensive income for the three month period ended June 30, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended June 30, 2020.

Scope of Review

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

Conclusion

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

The engagement partner on the audit resulting in this independent auditor's report is Asim Masood Iqbal.

Islamabad
July 27, 2020



A.F. Ferguson & Co
Chartered Accountants



Condensed Interim Financial Statements



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

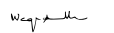
	Note	Un-audited June 30, 2020	Audited December 31, 2019
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	4	12,722,382	12,722,382
Capital reserves		160,000	160,000
Revenue reserves	5	24,518,809	22,697,960
Surplus / (deficit) on remeasurement of investments to fair value - net		281,108	(13,641)
		37,682,299	35,566,701
NON - CURRENT LIABILITIES			
Long term borrowings - secured	6	7,457,347	6,472,500
Lease liabilities		67,410	62,360
Deferred liabilities		4,591,836	4,412,445
		12,116,593	10,947,305
CURRENT LIABILITIES			
Trade and other payables	7	81,108,657	76,009,303
Mark-up and profit accrued		251,214	676,361
Short term borrowings - secured	8	1,203,887	21,802,953
Unclaimed dividend		459,372	541,447
Current portion of long term borrowings - secured	6	3,798,699	4,711,250
Current portion of lease liabilities		21,401	42,581
Taxation		3,378,843	3,091,959
		90,222,073	106,875,854
TOTAL EQUITY AND LIABILITIES		140,020,965	153,389,860

CONTINGENCIES AND COMMITMENTS

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

	Note	Un-audited June 30, 2020	Audited December 31, 2019
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	10	21,963,529	22,212,099
Intangible assets		1,574,338	1,576,796
Long term investments	11	33,176,161	31,087,989
Long term loans and advances - secured		1,822,786	1,200,037
Long term deposits and prepayments		13,991	12,378
		58,550,805	56,089,299
CURRENT ASSETS			
Stores, spares and loose tools		4,356,344	3,810,669
Stock in trade		6,498,992	6,795,374
Trade debts		3,012,974	13,460,069
Loans and advances		736,305	1,795,136
Deposits and prepayments		208,231	50,583
Other receivables	12	18,172,708	17,653,231
Short term investments	13	42,819,958	48,040,470
Cash and bank balances		5,664,648	5,695,029
		81,470,160	97,300,561
TOTAL ASSETS		140,020,965	153,389,860



Chairman



Chief Executive



Director



Chief Financial Officer

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

For the six month period ended June 30, 2020

	Note	Three month period ended		Six month period ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		(Rupees '000)		(Rupees '000)	
Turnover - net	14	23,155,564	26,180,135	43,781,904	46,490,776
Cost of sales		15,757,193	17,335,729	28,893,084	31,683,547
GROSS PROFIT		7,398,371	8,844,406	14,888,820	14,807,229
Distribution cost		1,854,874	1,737,341	3,929,569	3,744,176
		5,543,497	7,107,065	10,959,251	11,063,053
Finance cost		462,134	629,232	1,134,920	1,097,858
Other expenses		628,332	1,321,984	1,190,859	1,806,557
		4,453,031	5,155,849	8,633,472	8,158,638
Other income		2,287,126	1,968,709	4,006,747	3,969,120
PROFIT BEFORE TAXATION		6,740,157	7,124,558	12,640,219	12,127,758
Provision for taxation		1,866,000	1,916,000	3,504,000	3,223,000
PROFIT AFTER TAXATION		4,874,157	5,208,558	9,136,219	8,904,758
Earnings per share - basic and diluted (Rupees)		3.83	4.09	7.18	7.00

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



Chairman



Chief Executive



Director

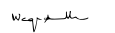


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
For the six month period ended June 30, 2020

	Three month period ended		Six month period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Rupees '000)		(Rupees '000)	
PROFIT FOR THE PERIOD	4,874,157	5,208,558	9,136,219	8,904,758
OTHER COMPREHENSIVE INCOME				
Items that are reclassified subsequently to profit or loss				
Surplus / (deficit) on re-measurement of investments to fair value - net	109,226	(22,026)	294,749	(31,478)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,983,383	5,186,532	9,430,968	8,873,280

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


Chairman

Chief Executive

Director

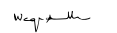
Chief Financial Officer

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

For the six month period ended June 30, 2020

	Share capital	Capital reserves	General reserves	Revenue reserves		Surplus / (deficit) on remeasurement of investments to fair value - net	Total
				Unappropriated profit			
				(Rupees '000)			
Balance as at January 1, 2019 (Audited)	12,722,382	160,000	8,802,360	11,720,153		(21,950)	33,382,945
Total comprehensive income							
Profit for the period	-	-	-	8,904,758		-	8,904,758
Other comprehensive loss - net of tax	-	-	-	-		(31,478)	(31,478)
	-	-	-	8,904,758		(31,478)	8,873,280
Transactions with owners of the Company							
Distributions:							
Final dividend 2018: Rs 3.90 per share	-	-	-	(4,961,729)		-	(4,961,729)
First interim dividend 2019: Rs 2.50 per share	-	-	-	(3,180,596)		-	(3,180,596)
	-	-	-	(8,142,325)		-	(8,142,325)
Balance as at June 30, 2019 (Un-Audited)	12,722,382	160,000	8,802,360	12,482,586		(53,428)	34,113,900
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	-	-	-	9,136,219		-	9,136,219
Other comprehensive income - net of tax	-	-	-	-		294,749	294,749
	-	-	-	9,136,219		294,749	9,430,968
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)
	-	-	-	(7,315,370)		-	(7,315,370)
Balance as at June 30, 2020 (Un-Audited)	12,722,382	160,000	8,802,360	15,716,449		281,108	37,682,299

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



Chairman



Chief Executive



Director



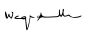
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the six month period ended June 30, 2020

	Note	June 30, 2020	June 30, 2019
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	27,249,725	18,548,300
Finance cost paid		(1,560,067)	(860,151)
Income tax paid		(3,158,116)	(2,794,359)
		(4,718,183)	(3,654,510)
Net cash generated from operating activities		22,531,542	14,893,790
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(890,886)	(864,806)
Proceeds from sale of property, plant and equipment		9,159	439,435
Investment in Fauji Fresh n Freeze Limited		(601,866)	-
Investment in Thar Energy Limited		-	(1,329,318)
Decrease in other investments - net		83,020	22,436,085
Interest and profit received		554,938	913,249
Dividend received		815,652	1,528,815
Net cash (used in) / generated from investing activities		(29,983)	23,123,460
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing			
Draw-downs		2,999,796	-
Repayments		(2,927,500)	(3,578,402)
Repayment of lease liabilities		(17,165)	(10,023)
Dividend paid		(7,397,445)	(8,246,939)
Net cash used in financing activities		(7,342,314)	(11,835,364)
Net increase in cash and cash equivalents		(15,159,245)	26,181,886
Cash and cash equivalents at beginning of the period		31,886,368	3,385,872
Effect of exchange rate changes		198,044	377,232
Cash and cash equivalents at end of the period		47,243,657	29,944,990
CASH AND CASH EQUIVALENTS			
Cash and bank balances		5,664,648	3,289,406
Short term borrowings		(1,203,887)	(19,628,431)
Short term highly liquid investments		42,782,896	46,284,015
		47,243,657	29,944,990

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


Chairman

Chief Executive

Director

Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

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, 2019. Comparative condensed interim statement of financial position is extracted from annual financial statements as at December 31, 2019 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 information of the Company for the six month period ended June 30, 2019.

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, 2019.

4. SHARE CAPITAL

AUTHORISED SHARE CAPITAL

This represents 1,500,000,000 (December 31, 2019: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (December 31, 2019: Rs 15,000,000 thousand).

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited June 30, 2020	Audited December 31, 2019		Un-audited June 30, 2020	Audited December 31, 2019
(Number of shares)			(Rupees '000)	
256,495,902	256,495,902	Ordinary shares of Rs 10 each, issued for consideration in cash	2,564,959	2,564,959
1,015,742,345	1,015,742,345	Ordinary shares of Rs 10 each, issued as fully paid bonus shares	10,157,423	10,157,423
1,272,238,247	1,272,238,247		12,722,382	12,722,382

4.1 Fauji Foundation held 44.35% (December 31, 2019: 44.35%) ordinary shares of the Company at the period end.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

	Note	Un-audited June 30, 2020	Audited December 31, 2019
(Rupees '000)			
5. REVENUE RESERVES			
General reserves		8,802,360	8,802,360
Unappropriated profit		15,716,449	13,895,600
		24,518,809	22,697,960
6. LONG TERM BORROWINGS - SECURED			
From conventional banks	6.1	9,143,546	10,833,750
From Islamic banks	6.2	2,112,500	350,000
		11,256,046	11,183,750
Less: Current portion shown under current liabilities			
From conventional banks		3,686,199	4,361,250
From Islamic banks		112,500	350,000
		3,798,699	4,711,250
		7,457,347	6,472,500
6.1 Movement during the period / year is as follows:			
Opening balance		10,833,750	14,425,062
Draw-downs during the period / year		999,796	2,600,000
Repayments during the period / year		(2,690,000)	(6,191,312)
Closing balance	6.1.1	9,143,546	10,833,750

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

These carry mark-up ranging between 6 month KIBOR + 0.10% to 0.40% per annum and 3 month KIBOR + 0.15% to 0.40% per annum (December 31, 2019: 6 month KIBOR + 0.10% to 0.40% per annum and 3 month KIBOR + 0.15% to 0.40% per annum) and are repayable up to December 2024 (December 31, 2019: December 2024). The Company also availed Rs 1,000,000 thousand (December 31, 2019: Rs Nil) under the SBP refinance facility at mark-up rate of 0.5% (December 31, 2019: Nil).

	Note	Un-audited June 30, 2020	Audited December 31, 2019
(Rupees '000)			
6.2 Movement during the period / year is as follows:			
Opening balance		350,000	1,396,429
Draw-downs during the period / year		2,000,000	-
Repayments during the period / year		(237,500)	(1,046,429)
Closing balance	6.2.1	2,112,500	350,000

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

These carry profit rates ranging between 6 month KIBOR + 0.10% to 0.15% per annum (December 31, 2019: 6 month KIBOR + 0.05% to 0.40% per annum) and are repayable up to May 2025 (December 31, 2019: December 2020).

7. TRADE AND OTHER PAYABLES

These include Rs 62,629,466 thousand (December 31, 2019: Rs 61,064,027 thousand) on account of Gas Infrastructure Development Cess (GIDC) payable. The matter is subjudice in the Supreme Court of Pakistan.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

	Note	Un-audited June 30, 2020	Audited December 31, 2019
8. SHORT TERM BORROWINGS - SECURED		(Rupees '000)	
From conventional banks	8.1	196,499	19,113,608
From Islamic banks	8.2	1,007,388	2,689,345
		1,203,887	21,802,953

- 8.1** Short term borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs 46,760,000 thousand (December 31, 2019: Rs 40,760,000 thousand) which represent the aggregate of all facility agreements between the Company and respective banks. The facilities have various maturity dates upto April 30, 2021.

The facilities are secured by pari passu / ranking hypothecation charges on assets of the Company besides lien over US \$ / Pak Rupees Term Deposits / Mutual Funds / PIBs in certain cases. The per annum rates of mark-up range between 1 month KIBOR + 0.05% to 0.35% and 3 month KIBOR + 0.05% to 0.20% (December 31, 2019: 1 month KIBOR + 0.10% to 0.35% and 3 month KIBOR + 0.05% to 0.25%).

- 8.2** Shariah compliant short term borrowings are available from various banking companies under profit arrangements against facilities amounting to Rs 2,900,000 thousand (December 31, 2019: Rs 2,900,000 thousand) which represent the aggregate of all facility agreements between the Company and respective banks. The facilities have various maturity dates upto July 31, 2020.

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 1 month KIBOR + Nil% to 0.12% (December 31, 2019: 3 month KIBOR + 0.05% to 0.12%).

	Un-audited June 30, 2020	Audited December 31, 2019
	(Rupees '000)	

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies:

- | | | |
|--|------------------|-----------|
| (i) Guarantees issued by banks on behalf of the Company | 4,991,820 | 3,994,314 |
| (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 CCP, under the said Tribunal guidelines, may resume proceedings but the Company remains confident of successfully defending these unreasonable claims in future as well.

	Un-audited June 30, 2020	Audited December 31, 2019
	(Rupees '000)	

9.2 Commitments in respect of:

- | | | |
|---|------------------|-----------|
| (i) Capital expenditure | 2,067,937 | 1,213,292 |
| (ii) Purchase of fertilizer, stores, spares and other operational items | 1,979,968 | 1,347,209 |
| (iii) Investment in Fauji Fresh n Freeze Limited | - | 1,500,000 |
| (iv) Investment in Thar Energy Limited | 2,436,413 | 2,235,724 |
| (v) Contracted out services | 243,036 | 289,135 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

	Note	Un-audited June 30, 2020	Audited December 31, 2019
(Rupees '000)			
10. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	10.1	21,107,826	19,980,087
Capital work in progress	10.2	784,462	2,144,039
Right of use assets	10.3	71,241	87,973
		21,963,529	22,212,099
10.1 Operating fixed assets			
Opening written down value		19,980,087	21,021,758
Additions during the period / year		2,250,463	1,501,258
Written down value of disposals		(858)	(306,477)
Depreciation during the period / year		(1,121,866)	(2,236,452)
		21,107,826	19,980,087
10.1.1 Additions in and depreciation on property, plant and equipment during the six month period ended June 30, 2019 were Rs 864,653 thousand and Rs 1,132,384 thousand respectively.			
		Un-audited June 30, 2020	Audited December 31, 2019
(Rupees '000)			
10.2 Capital work in progress			
Opening value		2,144,039	511,938
Additions during the period / year		442,378	1,765,644
Transfers during the period / year		(1,801,955)	(133,543)
		784,462	2,144,039
10.3 Right of use assets			
Opening value		87,973	-
Additions during the period / year		1,035	138,325
Depreciation during the period / year		(17,767)	(50,352)
		71,241	87,973
10.4 Depreciation charge has been allocated as follows:			
Cost of sales		1,109,852	2,212,357
Distribution cost		25,989	67,472
Other expenses		879	1,972
Charged to FFBL under the Company Services Agreement		2,913	5,003
		1,139,633	2,286,804

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

	Note	Un-audited June 30, 2020	Audited December 31, 2019
		(Rupees '000)	
11. 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		4,658,919	4,658,919
Askari Bank Limited		10,461,921	10,461,921
		16,620,840	16,620,840
In associated companies (Unquoted)			
Thar Energy Limited		3,206,251	2,789,718
Advance against issue of shares		-	416,533
		3,206,251	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	4,835,500
Less: Impairment loss		(1,100,000)	(1,100,000)
		5,235,500	3,735,500
		7,673,750	6,173,750
		28,206,766	26,706,766
Investments measured at fair value through other comprehensive Income			
Term Deposit Receipts - from conventional banks		143,924	155,116
Pakistan Investment Bonds		4,862,533	4,272,285
		5,006,457	4,427,401
		33,213,223	31,134,167
Less: Current portion shown under short term investments measured at fair value through other comprehensive income			
Term Deposit Receipts - from conventional banks		37,062	46,178
	13	33,176,161	31,087,989

12. OTHER RECEIVABLES

Other receivables include Rs 6,961,878 thousand (2019: Rs 6,961,878 thousand) on account of subsidy receivable and Rs 10,349,874 thousand (2019: Rs 9,921,467 thousand) on account of sales tax receivable from the Government.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

	Note	Un-audited June 30, 2020	Audited December 31, 2019
		(Rupees '000)	
13. SHORT TERM INVESTMENTS			
Amortised cost - Conventional investments			
Term deposits with banks and financial institutions			
Local currency		-	3,000,000
Foreign currency		2,526,167	2,115,339
		2,526,167	5,115,339
Investments at fair value through profit or loss			
Conventional investments		25,860,768	37,375,252
Shariah compliant investments		14,395,961	5,503,701
		40,256,729	42,878,953
Current maturity of long term investments			
Fair value through other comprehensive income	11	37,062	46,178
		42,819,958	48,040,470

	Three month period ended		Six month period ended	
	Un-audited June 30, 2020	Un-audited June 30, 2019	Un-audited June 30, 2020	Un-audited June 30, 2019
14. TURNOVER - NET	(Rupees '000)		(Rupees '000)	
Turnover	23,994,456	26,791,595	45,040,573	47,510,892
Sales tax	(508,217)	(532,607)	(927,994)	(941,263)
Trade discount	(330,675)	(78,853)	(330,675)	(78,853)
	(838,892)	(611,460)	(1,258,669)	(1,020,116)
	23,155,564	26,180,135	43,781,904	46,490,776

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

For the six month period ended June 30, 2020

	June 30, 2020	June 30, 2019
15. CASH GENERATED FROM OPERATIONS	(Rupees '000)	
Profit before taxation	12,640,219	12,127,758
Adjustments for:		
Depreciation	1,136,720	1,158,616
Amortization	2,458	1,682
Provision for slow moving spares	57,696	12,639
Impairment loss on investment	-	650,000
Finance cost	1,134,920	1,097,858
Gain on disposal of property, plant and equipment	(8,301)	(133,049)
Interest and profit on loans, deposits and investments	(412,412)	(897,459)
Exchange gain - net	(198,044)	(377,232)
Gain on re-measurement of investments at fair value through profit or loss	(246,936)	-
Dividend income	(1,130,652)	(1,460,511)
	335,449	52,544
	12,975,668	12,180,302
Changes in:		
Stores, spares and loose tools	(603,371)	(75,255)
Stock in trade	296,382	2,984,780
Trade debts	10,447,095	(458,768)
Loans and advances	160,697	(734,660)
Deposits and prepayments	(157,648)	(137,189)
Other receivables	(344,090)	(816,008)
Trade and other payables	5,099,354	5,672,900
	14,898,419	6,435,800
	(622,749)	(69,028)
Changes in long term loans and advances		
Changes in long term deposits and prepayments	(1,613)	1,226
	27,249,725	18,548,300

16. 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, 2019. 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, 2019.

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 six month period ended June 30, 2020

	June 30, 2020	June 30, 2019
	(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	3,244,367	3,611,121
Sale of fertilizer	620	1,000
Others	41	223
SUBSIDIARY COMPANIES		
Transactions		
Guarantee against loan of subsidiary company	-	377,667
Equity investment	1,500,000	-
Interest income	3,336	45,542
Rental income	4,408	4,408
Expenses incurred on behalf of subsidiary companies	69,876	36,317
Receipt of interest accrued on loans	151,924	-
Balances		
Balances receivable - unsecured *	487,821	1,463,259
ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	491,841	414,912
Commission on sale of products	10,334	8,321
Payments under consignment account - net	31,781,347	19,441,503
Payment against purchase of gas as feed and fuel stock	16,503,981	10,907,726
Equity investment	416,533	1,329,318
Services and materials provided	28,220	10,161
Services and materials received	-	375
Donations	164,473	97,395
Interest expense	99,873	57,342
Interest income	37,282	6,347
Dividend income	1,130,652	1,460,511
Balances		
Dividend receivable *	315,000	-
Long term investments *	143,924	155,116
Short term borrowing *	10,603	4,426,551
Bank balances *	26,671	44,099
Balances receivable - unsecured *	365,709	372,458
Balances payable - unsecured *	68,919,459	65,751,432
KEY MANAGEMENT PERSONNEL		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2020: 1 and 403 (2019: 1 and 364) respectively	2,360,226	2,123,957

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

For the six month period ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees '000)	
STAFF RETIREMENT BENEFITS		
Contributions		
Employees' Provident Fund Trust	238,495	227,849
Employees' Gratuity Fund Trust	253,724	218,426
Employees' Pension Fund Trust	159,720	124,559
Employees' Funds as Dividend on equity holding of 0.15% (2019: 0.15%)	12,282	12,206
Balances		
Payable to Gratuity Fund Trust *	612,676	739,538
Payable to Pension Fund Trust *	363,318	443,178

* Comparative figures of receivable / payable balances are as at December 31, 2019.

18. NON ADJUSTING EVENTS AFTER REPORTING DATE

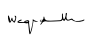
The Board of Directors of the Company in its meeting held on July 27, 2020 proposed second interim dividend of Rs. 2.75 per share.

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 Company's statement of financial position as at June 30, 2020. While this is still an evolving situation as at the time of issuing these condensed interim financial statements yet, to date the operations of the Company 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 financial statements have been authorized for issue by the Board of Directors of the Company on July 27, 2020.


Chairman

Chief Executive

Director

Chief Financial Officer



Condensed Interim Consolidated Financial Statements

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	Note	Un-audited June 30, 2020	Audited December 31, 2019
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	4	12,722,382	12,722,382
Capital reserves		5,613,896	4,950,718
Revenue reserves	5	45,050,754	43,049,451
Surplus / (deficit) on remeasurement of investments to fair value - net		678,152	(1,256,521)
		64,065,184	59,466,030
Share in revaluation reserve of associates - net		1,246,552	1,198,826
NON - CURRENT LIABILITIES			
Long term borrowings - secured	6	9,711,693	9,355,434
Lease liabilities		88,286	87,098
Deferred liabilities		6,590,336	5,996,675
		16,390,315	15,439,207
CURRENT LIABILITIES			
Trade and other payables	7	81,477,721	76,309,123
Mark-up and profit accrued		267,212	711,501
Short term borrowings - secured	8	1,750,336	22,492,953
Unclaimed dividend		459,372	541,447
Current portion of long term borrowings - secured	6	5,112,212	6,085,171
Current portion of lease liabilities		30,787	51,967
Taxation		3,381,929	3,091,959
		92,479,569	109,284,121
TOTAL EQUITY AND LIABILITIES		174,181,620	185,388,184
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes 1 to 20 form an integral part of this condensed interim consolidated financial statements.

	Note	Un-audited June 30, 2020	Audited December 31, 2019
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	10	32,092,522	32,758,158
Intangible assets		1,941,465	1,945,305
Long term investments	11	51,793,050	49,258,736
Long term loans and advances - secured		1,822,786	1,200,037
Long term deposits and prepayments		30,062	28,349
		87,679,885	85,190,585
CURRENT ASSETS			
Stores, spares and loose tools		4,443,827	3,864,402
Stock in trade		6,908,298	7,014,838
Trade debts		6,373,052	15,605,892
Loans and advances		699,184	866,734
Deposits and prepayments		261,508	52,893
Other receivables	12	17,833,761	17,570,178
Short term investments	13	44,033,958	49,207,470
Cash and bank balances		5,948,147	6,015,192
		86,501,735	100,197,599
TOTAL ASSETS		174,181,620	185,388,184



Chairman



Chief Executive



Director



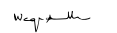
Chief Financial Officer

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

For the six month period ended June 30, 2020

	Note	Three month period ended		Six month period ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		(Rupees '000)		(Rupees '000)	
Turnover - net	14	25,158,006	27,577,739	46,561,145	48,544,993
Cost of sales		16,215,451	17,779,487	29,863,481	32,613,382
GROSS PROFIT		8,942,555	9,798,252	16,697,664	15,931,611
Administrative and distribution expenses		1,954,217	1,868,574	4,117,758	4,035,920
		6,988,338	7,929,678	12,579,906	11,895,691
Finance cost		640,624	829,397	1,497,766	1,494,624
Other expenses		632,745	683,248	1,195,272	1,170,929
		5,714,969	6,417,033	9,886,868	9,230,138
Other income		1,200,668	1,610,839	2,971,093	2,558,847
Share of profit of associates and joint venture		545,159	675,852	547,196	8,694
PROFIT BEFORE TAXATION		7,460,796	8,703,724	13,405,157	11,797,679
Provision for taxation		1,962,150	1,972,038	3,620,064	3,190,659
PROFIT FOR THE PERIOD		5,498,646	6,731,686	9,785,093	8,607,020
Earnings per share - basic and diluted (Rupees)		4.32	5.29	7.69	6.77

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.



Chairman



Chief Executive



Director

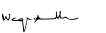


Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
For the six month period ended June 30, 2020

	Three month period ended		Six month period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Rupees '000)		(Rupees '000)	
PROFIT FOR THE PERIOD	5,498,646	6,731,686	9,785,093	8,607,020
OTHER COMPREHENSIVE INCOME				
Items that will not be subsequently reclassified to profit or loss - net				
Equity accounted investees - share of OCI, net of tax	-	-	16,321	(5,896)
Items that may be subsequently reclassified to profit or loss - net				
Surplus / (deficit) on re-measurement of investments to fair value - net of tax	109,226	(22,026)	294,749	(31,478)
Share of equity accounted investees - share of OCI, net of tax	1,117,006	185,620	1,818,361	(81,227)
	1,226,232	163,594	2,113,110	(112,705)
Comprehensive income taken to equity	6,724,878	6,895,280	11,914,524	8,488,419
Comprehensive income not recognised in equity				
Items that may be subsequently reclassified to profit or loss	(19,101)	-	47,726	207,448
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,705,777	6,895,280	11,962,250	8,695,867

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.


Chairman


Chief Executive


Director


Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
For the six month period ended June 30, 2020

	Capital reserves				Revenue reserves			Surplus / (deficit) on re-measurement of investments to fair value - net	Total
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Statutory reserve	General reserve	Unappropriated profit		
						(Rupees '000)			
Balance as at January 1, 2019 (Audited)	12,722,382	40,000	120,000	1,139,654	2,072,250	8,802,360	32,401,749	(634,072)	56,664,323
Total comprehensive income	-	-	-	-	-	-	8,607,020	-	8,607,020
Profit for the period	-	-	-	-	-	-	(5,896)	(118,601)	(118,601)
Other comprehensive income / (loss) - net of tax	-	-	-	440,080	-	-	8,601,124	(552,785)	8,488,419
Transactions with owners of the Company									
Distributions:									
Final dividend 2018: Rs 3.90 per share	-	-	-	-	-	-	(4,961,729)	-	(4,961,729)
First interim dividend 2019: Rs 2.50 per share	-	-	-	-	-	-	(3,180,596)	-	(3,180,596)
Other changes in equity	-	-	-	-	-	-	(8,142,325)	-	(8,142,325)
Transfer to statutory reserve	-	-	-	-	285,083	-	(285,083)	-	-
Balance as at June 30, 2019 (Un-audited)	12,722,382	40,000	120,000	1,579,734	2,357,333	8,802,360	32,575,465	(1,186,857)	57,010,417
Balance as at January 1, 2020 (Audited)	12,722,382	40,000	120,000	2,158,938	2,831,780	8,802,360	34,247,091	(1,256,521)	59,466,030
Total comprehensive income	-	-	-	-	-	-	9,785,093	-	9,785,093
Profit for the period	-	-	-	-	-	-	16,321	1,934,673	2,129,431
Other comprehensive income / (loss) - net of tax	-	-	-	178,437	-	-	9,801,414	1,934,673	11,914,524
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)
Other changes in equity	-	-	-	-	-	-	(7,315,370)	-	(7,315,370)
Transfer to statutory reserve	-	-	-	-	484,741	-	(484,741)	-	-
Balance as at June 30, 2020 (Un-audited)	12,722,382	40,000	120,000	2,337,375	3,116,521	8,802,360	36,248,394	678,152	64,065,184

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.


Chairman

Chief Executive

Director

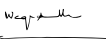
Chief Financial Officer

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

For the six month period ended June 30, 2020

	Note	June 30, 2020	June 30, 2019
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	16	28,004,731	19,278,302
Finance cost paid		(1,942,055)	(1,244,347)
Income tax paid		(3,189,014)	(2,761,956)
		(5,131,069)	(4,006,303)
Net cash generated from operating activities		22,873,662	15,271,999
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(924,735)	(907,246)
Proceeds from sale of property, plant and equipment		9,159	452,635
Investment in Thar Energy Limited		-	(1,329,318)
Other investments - net		83,020	23,623,785
Interest and profit received		501,198	1,002,997
Dividend received		815,652	1,224,034
Net cash generated from investing activities		484,294	24,066,887
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing:			
Draw-downs		3,041,731	-
Repayments		(3,668,083)	(4,255,721)
Repayment of lease liabilities		(21,027)	(16,151)
Dividend paid		(7,397,445)	(8,246,939)
Net cash used in financing activities		(8,044,824)	(12,518,811)
Net increase in cash and cash equivalents		15,313,132	26,820,075
Cash and cash equivalents at beginning of the period		32,683,531	3,398,902
Effect of exchange rate changes		198,044	377,232
Cash and cash equivalents at end of the period		48,194,707	30,596,209
CASH AND CASH EQUIVALENTS			
Cash and bank balances		5,948,147	3,970,625
Short term borrowings - secured		(1,750,336)	(20,468,431)
Short term highly liquid investments		43,996,896	47,094,015
		48,194,707	30,596,209

The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.


Chairman

Chief Executive

Director

Chief Financial Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

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) and Fauji Fresh n Freeze Limited (FFF). These companies are incorporated in Pakistan as public limited companies. 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.

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, 2019. Comparative figures of condensed interim statement of financial position is extracted from audited consolidated financial statements as at December 31, 2019 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 six month period ended June 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.

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, 2019.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

4. SHARE CAPITAL**AUTHORISED SHARE CAPITAL**

This represents 1,500,000,000 (December 31, 2019: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (December 31, 2019: Rs 15,000,000 thousand).

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited June 30, 2020	Audited December 31, 2019		Un-audited June 30, 2020	Audited December 31, 2019
(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

5. REVENUE RESERVES

General reserves	8,802,360	8,802,360
Unappropriated profit	36,248,394	34,247,091
	45,050,754	43,049,451

6. LONG TERM BORROWINGS - SECURED

From conventional banks			
Fauji Fertilizer Company Limited	6.1	9,143,546	10,833,750
FFC Energy Limited	6.2	3,525,924	4,115,230
Fauji Fresh n Freeze Limited	6.3	41,935	141,625
From Islamic banks			
Fauji Fertilizer Company Limited	6.4	2,112,500	350,000
		14,823,905	15,440,605
Less: Current portion shown under current liabilities			
From conventional banks		4,999,712	5,735,171
From Islamic banks		112,500	350,000
		5,112,212	6,085,171
		9,711,693	9,355,434

6.1 Movement during the period / year is as follows:

Opening balance	10,833,750	14,425,062
Draw-downs during the period / year	999,796	2,600,000
Repayments during the period / year	(2,690,000)	(6,191,312)
Closing balance	9,143,546	10,833,750

6.2 Movement during the period / year is as follows:

Opening balance	4,115,230	5,194,232
Repayments during the period / year	(598,958)	(1,102,139)
	3,516,272	4,092,093
Transaction cost		
Amortized during the period / year	9,652	23,137
Closing balance	3,525,924	4,115,230

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

	Un-audited June 30, 2020	Audited December 31, 2019
	(Rupees '000)	
6.3 Movement during the period / year is as follows:		
Opening balance	141,625	424,875
Draw-downs during the period / year	41,935	-
Repayments during the period / year	(141,625)	(283,250)
Closing balance	41,935	141,625
6.4 Movement during the period / year is as follows:		
Opening balance	350,000	1,396,429
Draw-downs during the period / year	2,000,000	-
Repayments during the period / year	(237,500)	(1,046,429)
Closing balance	2,112,500	350,000
7. TRADE AND OTHER PAYABLES		
These include Rs 62,629,466 thousand (December 31, 2019: Rs 61,064,027 thousand) on account of Gas Infrastructure Development Cess (GIDC) payable. The matter is subjudice in the Supreme Court of Pakistan.		
	Un-audited June 30, 2020	Audited December 31, 2019
8. SHORT TERM BORROWINGS - SECURED	(Rupees '000)	
From conventional banks	742,948	19,803,608
From Islamic banks	1,007,388	2,689,345
	1,750,336	22,492,953
9. CONTINGENCIES AND COMMITMENTS		
a) Contingencies:		
(i) Guarantees issued by banks on behalf of the Group companies	4,991,820	3,994,314
(ii) Claims against Group and/or potential exposure not acknowledged as debt	148,022	50,696
(iii) Group's share of contingencies in Fauji Fertilizer Bin Qasim Limited	22,220,696	20,889,757
(iv) Group's share of contingencies in Fauji Cement Company Limited as at March 31, 2020 (2019: September 30, 2019)	128,034	120,932
(v) Group's share of contingencies in Askari Bank Limited as at March 31, 2020 (2019: September 30, 2019)	82,028,692	83,015,441
(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 CCP, under the said Tribunal guidelines, may resume proceedings but the Company remains confident of successfully defending these unreasonable claims in future as well.		

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

	Note	Un-audited June 30, 2020	Audited December 31, 2019
		(Rupees '000)	
9.2 Commitments in respect of:			
(i) Capital expenditure		2,067,937	1,213,292
(ii) Purchase of fertilizer, stores, spares and other operational items		1,979,968	1,347,209
(iii) Investment in Thar Energy Limited		2,436,413	2,235,724
(iv) Group's share of commitments of PMP as at March 31, 2020 (2019: September 30, 2019)		35,065	32,855
(v) Contracted out services		295,658	289,135
10. PROPERTY PLANT AND EQUIPMENT			
Operating fixed assets	10.1	31,160,465	30,375,178
Capital work in progress	10.2	824,639	2,258,030
Right of use assets	10.3	107,418	124,950
		32,092,522	32,758,158
10.1 Operating fixed assets			
Opening written down value		30,375,178	32,153,880
Additions during the period / year	10.1.1	2,358,126	1,654,198
Written down value of disposals / adjustments		(858)	(320,197)
Depreciation during the period / year		(1,571,981)	(3,112,703)
		31,160,465	30,375,178
10.1.1 Additions in and depreciation on property, plant and equipment during the six month period ended June 30, 2019 were Rs 907,046 thousand and Rs 1,562,300 thousand respectively.			
		Un-audited June 30, 2020	Audited December 31, 2019
		(Rupees '000)	
10.2 Capital work in progress			
Opening value		2,258,030	621,090
Additions during the period / year		452,252	1,841,403
Transfers during the period / year		(1,885,643)	(204,463)
		824,639	2,258,030
10.3 Right of use assets			
Opening balance		124,950	-
Additions during the period / year		1,035	188,246
Depreciation during the period / year		(18,567)	(63,296)
		107,418	124,950

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

	Note	Un-audited June 30, 2020	Audited December 31, 2019
		(Rupees '000)	
10.4 Depreciation charge has been allocated as follows:			
Cost of sales		1,168,841	3,039,410
Administrative and distribution expenses		41,430	129,614
Other expenses		879	1,972
Charged to FFBL under the Company Services Agreement		2,913	5,003
		1,214,063	3,175,999
11. LONG TERM INVESTMENTS			
Equity accounted investments	11.1	46,823,655	44,877,513
Other long term investments	11.2	4,969,395	4,381,223
		51,793,050	49,258,736
11.1 Equity accounted investments			
Investment in associated companies - under equity method			
Fauji Cement Company Limited			
Balance at the beginning		2,137,474	2,120,849
Share of (loss) / profit for the period / year		(1,427)	157,250
Dividend received		-	(140,625)
		2,136,047	2,137,474
Fauji Fertilizer Bin Qasim Limited			
Balance at the beginning		17,561,761	20,742,207
Share of loss for the period / year		(1,436,169)	(3,177,170)
Share of OCI for the period / year		436,857	462,616
Dividend received		-	(465,892)
		16,562,449	17,561,761
Askari Bank Limited			
Balance at the beginning		18,998,792	17,367,437
Share of profit for the period / year		1,946,619	2,240,515
Share of OCI for the period / year		1,699,511	(65,392)
Dividend received		(815,652)	(543,768)
		21,829,270	18,998,792
Thar Energy Limited			
Balance at the beginning		3,189,926	1,445,604
Investment during the period		-	1,329,318
Advance against issue of shares		-	416,533
Share of profit / (loss) for the period / year		4,070	(1,529)
		3,193,996	3,189,926

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

	Note	Un-audited June 30, 2020	Audited December 31, 2019
(Rupees '000)			
Investment in joint venture - under equity method			
Pakistan Maroc Phosphore S.A., Morocco			
Balance at the beginning		2,989,560	2,521,691
Share of profit for the period / year		34,103	401,615
Gain on translation of net assets		78,230	581,953
Dividend received		-	(515,699)
		3,101,893	2,989,560
		46,823,655	44,877,513
11.2 Other long term investments			
Investments measured at Fair Value through Other Comprehensive Income			
Term Deposit Receipts - from conventional banks		143,924	155,116
Pakistan Investment Bonds		4,862,533	4,272,285
		5,006,457	4,427,401
Less: Current portion shown under short term investments			
Investments measured at Fair Value through Other Comprehensive Income			
Term Deposit Receipts - from conventional banks	13	37,062	46,178
		4,969,395	4,381,223
12. OTHER RECEIVABLES			
These include Rs 6,961,878 thousand (December 31, 2019: Rs 6,961,878 thousand) on account of subsidy receivable and Rs 10,467,480 thousand (December 31, 2019: Rs 10,085,239 thousand) on account of sales tax receivable from the Government.			
		Un-audited June 30, 2020	Audited December 31, 2019
13. SHORT TERM INVESTMENTS		(Rupees '000)	
Amortised cost - conventional investments			
Term deposits with banks and financial institutions			
Local currency		1,214,000	4,167,000
Foreign currency		2,526,167	2,115,339
		3,740,167	6,282,339
Investments at fair value through profit or loss			
Conventional investments		25,860,768	37,375,252
Shariah compliant investments		14,395,961	5,503,701
		40,256,729	42,878,953
Current maturity of long term investments			
Investment measured at fair value through other comprehensive income	11	37,062	46,178
		44,033,958	49,207,470

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

	Three month period ended		Six month period ended	
	Un-audited June 30, 2020	Un-audited June 30, 2019	Un-audited June 30, 2020	Un-audited June 30, 2019
14. TURNOVER - NET	(Rupees '000)		(Rupees '000)	
Fertilizer	23,994,456	26,791,595	45,040,573	47,510,892
Power	1,937,916	1,267,026	2,412,744	1,694,618
Food	228,516	310,827	680,622	660,935
	26,160,888	28,369,448	48,133,939	49,866,445
Sales tax	(660,426)	(683,930)	(1,200,162)	(1,193,852)
Trade discount	(342,456)	(107,779)	(372,632)	(127,600)
	(1,002,882)	(791,709)	(1,572,794)	(1,321,452)
	25,158,006	27,577,739	46,561,145	48,544,993

15. SEGMENT INFORMATION

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

	Reportable segments			
	Fertilizers	Power	Food	Total
	(Rupees '000)			
June 30, 2020 (Un-audited)				
Assets				
Segment assets (Total)	111,374,705	12,821,031	3,162,229	127,357,965
Equity accounted investees	46,823,655	-	-	46,823,655
Liabilities				
Segment liabilities (Total)	103,849,507	4,063,245	957,132	108,869,884
Capital expenditure	890,886	29,488	4,361	924,735
Depreciation	1,139,633	-	74,430	1,214,063
December 31, 2019 (Audited)				
Assets				
Segment assets (Total)	125,583,161	11,865,051	3,062,459	140,510,671
Equity accounted investees	44,877,513	-	-	44,877,513
Liabilities				
Segment liabilities (Total)	117,944,290	4,615,957	2,163,081	124,723,328
Capital expenditure	3,133,359	122,600	106,099	3,362,058
Depreciation	2,313,805	569,094	293,100	3,175,999

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

For the six month period ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees '000)	
16. CASH GENERATED FROM OPERATIONS		
Profit before tax	13,405,157	11,797,679
Adjustments for:		
Depreciation	1,587,635	1,594,200
Amortization	3,840	2,363
Amortization of transaction cost	9,652	12,182
Provision for slow moving spares	57,696	8,516
Provision / (reversal of provision) for stock in trade	1,347	(4,597)
Finance cost	1,497,766	1,508,717
Gain on sale of property, plant and equipment	(8,301)	(133,052)
Income on loans, deposits and investments	(497,517)	(939,770)
Share of profit of associated companies and joint venture	(547,196)	(8,694)
Exchange gain - net	(198,044)	(391,325)
Gain on remeasurement of investments at fair value through profit or loss	(246,936)	-
	1,659,942	1,648,540
	15,065,099	13,446,219
Changes in:		
Stores and spares	(637,121)	(78,518)
Stock in trade	105,193	2,872,534
Trade debts	9,232,840	(1,237,388)
Loans and advances	167,550	(227,513)
Deposits and prepayments	(208,615)	(187,468)
Other receivables	(264,351)	(760,598)
Trade and other payables	5,168,598	5,517,518
	13,564,094	5,898,567
Changes in long term loans and advances	(622,749)	(69,028)
Changes in long term deposits and prepayments	(1,713)	2,544
	28,004,731	19,278,302

17. 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, 2019. 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 Group for the year ended December 31, 2019.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
For the six month period ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees '000)	
18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES		
Significant transactions and balances with the related parties are as follows:		
HOLDING COMPANY		
Transactions		
Dividend paid	3,244,367	3,611,121
Sale of fertilizer	620	1,000
Others	41	223
ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	491,841	414,912
Commission on sale of products	10,334	8,321
Payment under consignment account - net	31,781,347	19,441,503
Purchase of gas as feed and fuel stock	16,503,981	10,907,726
Equity investment	416,533	1,329,318
Services and materials provided	28,220	10,161
Services and materials received	-	375
Donation	164,473	97,395
Interest expense	125,736	84,174
Interest income	45,131	14,086
Dividend income	1,130,652	1,460,511
Balances		
Dividend receivable *	315,000	-
Long term investment *	143,924	155,116
Short term borrowing *	10,603	4,426,551
Long term borrowing *	297,918	348,159
Bank balance *	131,496	310,144
Balance receivable - unsecured *	365,709	372,458
Balance payable - unsecured *	68,919,459	65,751,432
Key management personnel		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2020: 1 and 412 (2019: 1 and 372) respectively.	2,405,748	2,165,549

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

For the six month period ended June 30, 2020

	June 30, 2020	June 30, 2019
	(Rupees '000)	
STAFF RETIREMENT BENEFITS		
Contributions		
Employees' Provident Fund Trust	238,495	227,849
Employees' Gratuity Fund Trust	253,724	218,426
Employees' Pension Fund Trust	159,720	124,559
Employees' Funds as Dividend on equity holding of 0.15% (2019: 0.15%)	12,282	12,206
Balances		
Balance payable to Gratuity Fund Trust *	612,676	739,538
Balance payable to Pension Fund Trust *	363,318	443,178

* Comparative figures of receivable / payable balances are as of December 31, 2019.

19. NON ADJUSTING EVENTS AFTER REPORTING DATE

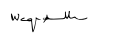
The Board of Directors of FFC in its meeting held on July 27, 2020 proposed second interim dividend of Rs. 2.75 per share.

20. GENERAL

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

20.2 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 June 30, 2020. While this is still an evolving situation as at the time of issuing these condensed interim 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.

20.3 These condensed interim consolidated financial statements have been authorized for issue by the Board of Directors of FFC on July 27, 2020.



Chairman



Chief Executive



Director



Chief Financial Officer

SAY NO TO CORRUPTION



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