

HALF YEARLY FINANCIAL STATEMENTS

JUNE 30, 2021 (UN-AUDITED)

CONTENTS

03

Company Information

04

Directors' Review

05

ڈائریکٹرز کا تجزیہ

06

Independent Auditor's
Review Report

07

Condensed Interim
Financial Statements

25

Condensed Interim
Consolidated Financial Statements

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. Saad Amanullah Khan

Ms. Maryam Aziz

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

Mr. Qamar Haris Manzoor

Mr. Peter Bruun Jensen

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

Syed Bakhtiyar Kazmi

Mr. Shoaib Javed Hussain

Dr. Hamid Ateeq Sarwar

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

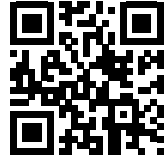
REGISTERED OFFICE

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

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 half year ended June 30, 2021

Dear Shareholders,

We are pleased to report net earnings of Rs 9.44 billion, registering an increase of around 3% over last year.

The Company's performance during these testing times is a testament to our resilience and business excellence.

Sona urea production was registered at 1,222 thousand tonnes which was 3% 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 second half of previous year.

In order to avoid the significant negative impact of GST and business expenditure disallowances, the Company exercised control over sales to unregistered dealers which resulted in reduced sona urea offtake of 1,131 thousand tonnes compared to 1,271 thousand tonnes last year. Although the DAP offtake increased to 65 thousand tonnes, the aggregate all product revenue, however, stood at Rs 44.02 billion, in line with last year.

The cost of sales reduced by around Rs 1.09 billion mainly due to abolishment of GIDC last year, whereas the reduced borrowing rates enabled savings of 29% in finance cost. Dividend income also improved to Rs 1.91 billion owing to higher distribution by the associated companies. The unwinding of GIDC liability however had an adverse impact of Rs 1.20 billion on Company's profitability and the earning per share of the Company thus stood at Rs 7.42 compared to Rs 7.18 earned last year.

Consistent with our commitment to provide sustained returns to our shareholders, the Board is pleased to announce second interim dividend of Rs 2.60 per share, with the aggregate distribution of Rs 6.10 per share during the first half of 2021.

The shareholders, in the extra ordinary general meeting held on July 27, 2021, have approved the acquisition of profitable projects: Foundation Wind Energy Limited (FWEL) I and II, at an aggregate consideration of Rs 14.07 billion. The transaction parties are in process of obtaining approvals required under the regulatory framework which are expected to be obtained in due course.

FUTURE OUTLOOK

The international urea prices are currently trading at around 3 times of the local urea prices clearly demonstrating that the Company is passing on a significant benefit to the agricultural sector of the Country by making urea available to farmers at much cheaper rates.

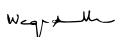
However, the pending subsidy claims and accumulating GST refunds continue to pressurize Company's liquidity. FFCs profitability remains stressed because of the disallowances of input GST and business expenditure. The GIDC case remains sub-judice and payment of the GIDC instalments are therefore being withheld.

Favourable and timely Governmental action is therefore imperative to address the above hardships faced by the Company, which would enable the fertilizer industry to continue supplying fertilizer at affordable rates and thereby helping the Government to ensure food security in the Country.

The encouraging half-yearly results complemented with the managements' commitment towards enhance efficiencies and curtailment of costs provide confidence of sustained financial performance by the Company during the year.

Our acquisition ventures FWEL I & II are also expected to add positively towards the income streams of FFC and the Board is confident that the Company shall continue to offer attractive returns besides strengthening the wealth of the shareholders.

On behalf of the Board,



Mr. Waqar Ahmed Malik
Chairman



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

Rawalpindi
July 30, 2021

ڈائریکٹر کا تجزیہ

معزز حصہ داران!

ہمیں یہ بتاتے ہوئے انتہائی مسرت ہو رہی ہے کہ آپ کی کمپنی نے 9.44 ارب روپے کی خالص آمدن رپورٹ کی ہے جو کہ گزشتہ سال کے مقابلے میں 3 فیصد زائد ہے۔

ان مشکل حالات میں کمپنی کی اعلیٰ کارکردگی ہماری مستقل مزاجی اور کاروباری برتری کا منہ بولتا ثبوت ہے۔

سونایوریا کی پیداوار 1,222 ہزار ٹن ریکارڈ کی گئی جو کہ گزشتہ سال کے مقابلے میں 3 فیصد کم رہی جس کا بنیادی سبب پلانٹ کی سالانہ مرمت و بحالی کا کام اس سال کی پہلی ششماہی کے دوران انجام دینا ہے جبکہ گزشتہ برس یہ کام سال کی دوسری ششماہی کے دوران کیا گیا تھا۔

GST اور کاروباری اخراجات کو نامعلوم کیے جانے کے منفی اثرات سے بچنے کے لیے کمپنی نے غیر رجسٹرڈ شدہ ڈیلرز کو کھاد کی فروخت میں کمی کی جس کے نتیجے میں یوریا کی مقدار فروخت کم ہو کر 1,131 ہزار ٹن رہی جو کہ گزشتہ سال 1,271 ہزار ٹن تھی۔ اگرچہ DAP کی فروخت بڑھ کر 65 ہزار ٹن رہی تاہم، تمام مصنوعات کی مجموعی آمدن گزشتہ سال کی طرح 44.02 ارب روپے رہی۔

لاگت فروخت (Cost of Sales) تقریباً 1.09 ارب روپے سے کم ہوئی جس کا بنیادی سبب گزشتہ برس GIDC کا خاتمہ تھا، جبکہ ادھار کے کم نرخوں کے باعث مالیاتی لاگت (Finance Cost) میں 29 فیصد بچت ہوئی۔ منافع منقسمہ آمدن (Dividend Income) بھی بہتر ہو کر 1.91 ارب روپے رہی جس کا سبب منسلکہ کمپنیوں کی جانب سے منافع کی زائد ترسیل ہے۔ تاہم، "Unwinding of GIDC Liability" نے کمپنی کے منافع پر 1.20 ارب روپے کے منفی اثرات مرتب کیے اور اس طرح کمپنی کی فی حصہ آمدن 7.42 روپے رہی جو کہ گزشتہ برس 7.18 روپے تھی۔

حصہ داران کو مستقل آمدن فراہم کرنے کے اپنے عزم کو برقرار رکھتے ہوئے، بورڈ 2.60 روپے فی حصہ کے دوسرے عبوری منافع منقسمہ کا اعلان کرتے ہوئے خوش محسوس کرتا ہے۔ اس طرح 2021 کی پہلی ششماہی کے لیے مجموعی ترسیل 6.10 روپے فی حصہ ہو گئی ہے۔

کمپنی کے حصہ داران نے 27 جولائی 2021 کو منعقدہ Extra Ordinary General Meeting میں منافع بخش منصوبوں، فاؤنڈیشن وڈنا رجی لمیٹڈ (FWEL) اور II، کے حصول کے لیے 14.07 ارب روپے کی منظوری دی ہے۔ متعلقہ فریقین ریگولیٹری فریم ورک کے تحت درکار منظور یوں کے حصول کے لیے کوشاں ہیں۔

متوقع مستقبل

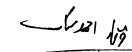
یوریا کی بین الاقوامی قیمتیں اس وقت مقامی یوریا کی قیمتوں سے تقریباً تین گنا زائد ہیں، جو واضح طور پر ظاہر کرتا ہے کہ کمپنی کسانوں کو انتہائی کم نرخوں پر یوریا فراہم کر کے ملک کے زرعی شعبے کو نمایاں فائدہ پہنچا رہی ہے۔

تاہم، واجب الوصول سبسڈی لگیمز اور بڑھتے ہوئے GST ریٹیفڈ مسلسل کمپنی کی Liquidity کو دباؤ میں رکھے ہوئے ہے۔ Input GST اور کاروباری اخراجات کی نامظوری کے باعث بھی FFC کا منافع تاحال زیر دباؤ ہے۔ GIDC کا کس عدالت میں زیر سماعت ہے لہذا GIDC کی اقتساط کی ادائیگی فی الحال معطل ہے۔

کھاد کی صنعت کو درپیش مندرجہ بالا مشکلات کا ازالہ کرنے کے لئے سازگار اور بروقت حکومتی اقدامات انتہائی ضروری ہیں جو کہ کھاد کی صنعت کو ارزاس نرخوں پر کھاد کی فراہمی جاری رکھنے کے لیے ناگزیر ہیں۔ اس طرح کھاد کی صنعت ملک میں غذائی تحفظ کو یقینی بنانے میں حکومت کی مددگار ثابت ہوگی۔ ہمارے سرمایہ کاری منصوبے FWEL I & II سے بھی توقع ہے کہ وہ FFC کی آمدنی میں مثبت اضافہ کریں گے اور بورڈ پر اعتماد ہے کہ کمپنی پرکشش منافع کی پیش کش کے ساتھ ساتھ حصہ داران کے سرمائے میں مستقل اضافے کو جاری رکھے گی۔

بورڈ کی جانب سے





چیف ایگزیکٹو اور مینجنگ ڈائریکٹر

لیفٹیننٹ جنرل طارق خان

ہلال امتیاز (ملٹری)، ریٹائرڈ

چیئر مین

وقار احمد ملک

راولپنڈی

30 جولائی 2021

Independent Auditor's 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, 2021 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, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended June 30, 2021.

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.

Chartered Accountants
Islamabad
July 30, 2021



A.F. Ferguson & Co
Chartered Accountants



Condensed Interim Financial Statements

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	Un-audited June 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
Revenue reserves			
General reserves		8,802,360	8,802,360
Unappropriated profit		21,316,429	20,659,023
Surplus / (deficit) on remeasurement of investments to fair value - net		156,499	191,906
		43,157,670	42,535,671
NON - CURRENT LIABILITIES			
Long term borrowings - secured	5	7,949,402	10,627,321
Lease liabilities		43,901	59,161
Deferred government grant		12,384	24,633
Gas Infrastructure Development Cess (GIDC) payable	6	26,894,317	32,771,664
Deferred liabilities		4,801,953	5,259,415
		39,701,957	48,742,194
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	5	4,747,695	4,334,776
Current portion of lease liabilities		25,667	23,132
Current portion of deferred government grant		72,305	87,659
Trade and other payables		50,415,563	46,620,853
Mark-up and profit accrued		259,814	274,936
Short term borrowings - secured	7	39,650,765	25,257,980
Unclaimed dividend		471,975	467,812
Taxation		5,193,030	4,603,745
		100,836,814	81,670,893
TOTAL EQUITY AND LIABILITIES		183,696,441	172,948,758

CONTINGENCIES AND COMMITMENTS

8

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	Un-audited June 30, 2021	Audited December 31, 2020
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	9	23,705,075	22,840,989
Intangible assets		1,574,755	1,571,935
Long term investments	10	34,974,661	34,674,616
Long term loans and advances - secured		2,287,634	1,945,533
Long term deposits and prepayments		17,711	14,088
		62,559,836	61,047,161
CURRENT ASSETS			
Stores, spares and loose tools		4,710,609	4,433,760
Stock in trade		7,307,737	319,989
Trade debts		1,923,485	2,287,336
Loans and advances - secured		762,632	789,170
Deposits and prepayments		220,905	50,685
Other receivables	11	22,421,013	20,965,069
Short term investments	12	82,594,315	81,902,113
Cash and bank balances		1,195,909	1,153,475
		121,136,605	111,901,597
TOTAL ASSETS		183,696,441	172,948,758


Chairman

Chief Executive

Director

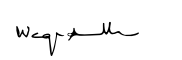
Chief Financial Officer


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

For the six month period ended June 30, 2021

	Note	Three month period ended		Six month period ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
		(Rupees '000)		(Rupees '000)	
Turnover - net	13	22,429,541	23,155,564	44,018,133	43,781,904
Cost of sales		14,653,293	15,757,193	27,807,744	28,893,084
GROSS PROFIT		7,776,248	7,398,371	16,210,389	14,888,820
Distribution cost		1,956,087	1,854,874	3,963,829	3,929,569
		5,820,161	5,543,497	12,246,560	10,959,251
Finance cost		384,730	462,134	804,669	1,134,920
Unwinding of GIDC liability		1,198,818	-	1,198,818	-
Other expenses		569,366	628,332	1,292,267	1,190,859
		3,667,247	4,453,031	8,950,806	8,633,472
Other income		1,494,671	2,287,126	4,214,044	4,006,747
PROFIT BEFORE TAXATION		5,161,918	6,740,157	13,164,850	12,640,219
Provision for taxation		1,541,000	1,866,000	3,729,000	3,504,000
PROFIT FOR THE PERIOD		3,620,918	4,874,157	9,435,850	9,136,219
Earnings per share - basic and diluted (Rupees)		2.85	3.83	7.42	7.18

The annexed notes 1 to 18 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, 2021

	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Rupees '000)		(Rupees '000)	
PROFIT FOR THE PERIOD	3,620,918	4,874,157	9,435,850	9,136,219
OTHER COMPREHENSIVE INCOME				
Items that are reclassified subsequently to profit or loss				
Surplus / (deficit) on re-measurement of investments to fair value - net	13,199	109,226	(35,407)	294,749
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,634,117	4,983,383	9,400,443	9,430,968

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



Chairman



Chief Executive



Director



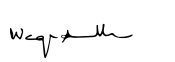
Chief Financial Officer


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

For the six month period ended June 30, 2021

	Revenue reserves				Surplus / (deficit) on remeasurement of investments to fair value - net	Total
	Share capital	Capital reserves	General reserves	Unappropriated profit		
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
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	-	-	-	9,435,850	-	9,435,850
Other comprehensive (loss) - net of tax	-	-	-	-	(35,407)	(35,407)
	-	-	-	9,435,850	(35,407)	9,400,443
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)
	-	-	-	(8,778,444)	-	(8,778,444)
Balance as at June 30, 2021 (Un-audited)	12,722,382	160,000	8,802,360	21,316,429	156,499	43,157,670

The annexed notes 1 to 18 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, 2021

	Note	June 30, 2021	June 30, 2020
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	1,868,986	27,249,725
Finance cost paid		(816,290)	(1,560,067)
Income tax paid		(3,582,715)	(3,158,116)
		(4,399,005)	(4,718,183)
Net cash (used in) / generated from operating activities		(2,530,019)	22,531,542
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,075,009)	(890,886)
Proceeds from sale of operating fixed assets		9,701	9,159
Investment in Fauji Fresh n Freeze Limited		-	(601,866)
Advance against issue of shares - Thar Energy Limited		(376,707)	-
Other investments - net		241,321	83,020
Interest and profit received		291,311	554,938
Dividend received		1,855,019	815,652
Net cash used in investing activities		(54,364)	(29,983)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing			
Draw-downs		-	2,999,796
Repayments		(2,265,000)	(2,927,500)
Repayment of lease liabilities		(16,226)	(17,165)
Dividend paid		(8,774,281)	(7,397,445)
Net cash used in financing activities		(11,055,507)	(7,342,314)
Net (decrease) / increase in cash and cash equivalents		(13,639,890)	15,159,245
Cash and cash equivalents at beginning of the period		57,709,240	31,886,368
Effect of exchange rate changes		(33,425)	198,044
Cash and cash equivalents at end of the period		44,035,925	47,243,657
CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,195,909	5,664,648
Short term borrowings		(39,650,765)	(1,203,887)
Short term highly liquid investments		82,490,781	42,782,896
		44,035,925	47,243,657

The annexed notes 1 to 18 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, 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 six month period ended June 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 June 30, 2021	Audited December 31, 2020		Un-audited June 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 six month period ended June 30, 2021

	Note	Un-audited June 30, 2021	Audited December 31, 2020
(Rupees '000)			
5. LONG TERM BORROWINGS - SECURED			
From conventional banks	5.1	10,697,097	12,962,097
From Islamic banks	5.2	2,000,000	2,000,000
		12,697,097	14,962,097
Less: Current portion shown under current liabilities			
From conventional banks		4,247,695	4,084,776
From Islamic banks		500,000	250,000
		4,747,695	4,334,776
		7,949,402	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		-	6,409,538
Repayments during the period / year		(2,265,000)	(4,281,191)
Closing balance	5.1.1	10,697,097	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 moveable properties, ranking pari passu with each other with 25% margin.

These carry mark-up ranging between 6 month KIBOR + 0.08% to 0.40% 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 December 2025 (December 31, 2020: December 2025).

The Company also availed Rs. 2,000,000 thousand currently outstanding at Rs. 1,500,000 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 June 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		-	2,000,000
Repayments during the period / year		-	(350,000)
Closing balance	5.2.1	2,000,000	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 moveable properties, ranking pari passu with each other with 25% margin.

This carry profit rate of 6 month KIBOR + 0.10% per annum (December 31, 2020: 6 month KIBOR + 0.10% per annum) and are repayable up to May 2025 (December 31, 2020: May 2025).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

	Note	Un-audited June 30, 2021	Audited December 31, 2020
6. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE			
		(Rupees '000)	
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		1,198,818	-
		57,915,703	56,716,885
Less: Current portion of GIDC payable	6.1	(31,021,386)	(23,945,221)
Long-term portion of GIDC payable		26,894,317	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 June 30, 2021 in accordance with the SCP decision on review petition.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

	Note	Un-audited June 30, 2021	Audited December 31, 2020
		(Rupees '000)	
7. SHORT TERM BORROWINGS - SECURED			
From conventional banks	7.1	34,819,918	20,564,934
From Islamic banks	7.2	4,830,847	4,693,046
		39,650,765	25,257,980

- 7.1** Short term borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs. 56,760,000 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 March 2022 (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 mark-up range between 1 month KIBOR + 0.0% to 0.35% and 3 month KIBOR + 0% to 0.20% (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 5,000,000 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 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 – 0.05% to 0.10% (December 31, 2020: 3 month KIBOR - 0.05% to 0.05%).

	Un-audited June 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 | 4,937,683 | 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

	Note	Un-audited June 30, 2021	Audited December 31, 2020
8.2 Commitments in respect of:		(Rupees '000)	
i) Capital expenditure		2,996,260	1,613,024
ii) Purchase of fertilizer, stores, spares and other operational items		6,366,194	2,060,554
iii) Investment in Thar Energy Limited		1,903,808	2,307,192
iv) Contracted out services		165,985	102,546
9. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	21,776,336	21,880,111
Capital work in progress	9.2	1,880,592	897,906
Right of use assets	9.3	48,147	62,972
		23,705,075	22,840,989
9.1 Operating fixed assets			
Opening written down value		21,880,111	19,980,087
Additions during the period / year		1,087,714	4,180,466
Written down value of disposals		(32)	(980)
Transfers		-	91
Depreciation during the period / year		(1,191,457)	(2,279,553)
		21,776,336	21,880,111
9.1.1 Additions in and depreciation on operating fixed assets during the six month period ended June 30, 2020 were Rs 2,250,463 thousand and Rs 1,121,866 thousand respectively.			
9.2 Capital work in progress			
Opening value		897,906	2,144,039
Additions during the period / year		1,136,875	133,961
Transfers during the period / year		(154,189)	(1,380,094)
		1,880,592	897,906
9.3 Right of use assets			
Opening value		62,972	87,973
Additions during the period / year		-	8,050
Depreciation during the period / year		(14,825)	(33,051)
		48,147	62,972
9.4 Depreciation charge has been allocated as follows:			
Cost of sales		1,168,548	2,243,501
Distribution cost		33,300	59,731
Other expenses		1,163	1,852
Charged to FFBL under the Company Services Agreement		3,271	7,520
		1,206,282	2,312,604

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

	Note	Un-audited June 30, 2021	Audited December 31, 2020
		(Rupees '000)	
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
In associated company (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
Olive Technical Services (Pvt) Limited	10.1	-	-
		6,673,750	6,673,750
		30,077,247	29,700,540
Investments measured at fair value through other comprehensive income			
Term Deposit Receipts - from conventional bank		113,921	125,548
Term Finance Certificates - from conventional bank		196,183	200,000
Pakistan Investment Bonds		4,690,844	4,736,896
		5,000,948	5,062,444
		35,078,195	34,762,984
Less: Current portion shown under short term investments - fair value through other comprehensive income			
Term Deposit Receipts - from conventional bank		38,148	21,516
Pakistan Investment Bonds		65,386	66,852
	12	103,534	88,368
		34,974,661	34,674,616

10.1 This represents 4 shares (December 31, 2020: Nil) of Rs 10 each of Olive Technical Services (Pvt) Limited, a wholly owned subsidiary allotted to its directors on behalf of FFC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

11. OTHER RECEIVABLES

Other receivables include Rs 6,961,878 thousand (December 31, 2020: Rs 6,961,878 thousand) on account of subsidy receivable - gross and Rs 15,869,725 thousand (December 31, 2020: Rs 14,172,638 thousand) on account of sales tax receivable from the Government.

	Note	Un-audited June 30, 2021	Audited December 31, 2020
12. SHORT TERM INVESTMENTS		(Rupees '000)	
Amortised cost - conventional investments			
Term deposits with banks and financial institutions			
Local currency		20,000,000	-
Foreign currency		2,401,668	2,426,874
		22,401,668	2,426,874
Investments at fair value through profit or loss			
Conventional investments		55,683,769	74,767,100
Shariah compliant investments		4,405,344	4,619,771
		60,089,113	79,386,871
Current maturity of long term investments			
Fair value through other comprehensive income	10	103,534	88,368
		82,594,315	81,902,113

	Three month period ended		Six month period ended	
	Un-audited June 30, 2021	Un-audited June 30, 2020	Un-audited June 30, 2021	Un-audited June 30, 2020
13. TURNOVER - NET	(Rupees '000)		(Rupees '000)	
Turnover	22,898,401	23,994,456	44,938,421	45,040,573
Sales tax	(468,860)	(508,217)	(920,288)	(927,994)
Trade discount	-	(330,675)	-	(330,675)
	(468,860)	(838,892)	(920,288)	(1,258,669)
	22,429,541	23,155,564	44,018,133	43,781,904

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

	Un-audited June 30, 2021	Un-audited June 30, 2020
	(Rupees '000)	
14. CASH GENERATED FROM OPERATIONS		
Profit before taxation	13,164,850	12,640,219
Adjustments for:		
Unwinding of remeasurement gain on GIDC	1,198,818	-
Depreciation	1,203,011	1,136,720
Amortization	1,789	2,458
Finance cost	804,669	1,134,920
(Reversal of) / provision for slow moving spares	(5,070)	57,696
Gain on disposal of operating fixed assets	(9,669)	(8,301)
Interest and profit on loans, deposits and investments	(312,109)	(412,412)
Amortization of Government grant	(27,603)	-
Exchange loss / (gain) - net	33,425	(198,044)
Gain on re-measurement of investments at fair value through profit or loss	(229,694)	(246,936)
Dividend income	(1,907,603)	(1,130,652)
	749,964	335,449
	13,914,814	12,975,668
Changes in:		
Stores, spares and loose tools	(271,779)	(603,371)
Stock in trade	(6,987,748)	296,382
Trade debts	363,851	10,447,095
Loans and advances	26,538	160,697
Deposits and prepayments	(170,220)	(157,648)
Other receivables	(1,379,291)	(344,090)
Trade and other payables	(3,281,455)	5,099,354
	(11,700,104)	14,898,419
Changes in long term loans and advances	(342,101)	(622,749)
Changes in long term deposits and prepayments	(3,623)	(1,613)
	1,868,986	27,249,725

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

For the six month period ended June 30, 2021

	June 30, 2021	June 30, 2020
16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES	(Rupees '000)	
Significant transactions and balances with the related parties are as follows:		
HOLDING COMPANY		
Transactions		
Dividend paid	3,893,240	3,244,367
Cost recharge	129,600	-
Sale of fertilizer	-	620
Others	68	41
Balances		
Balance payable - unsecured *	62,100	52,500
SUBSIDIARY COMPANIES		
Transactions		
Equity investment	-	1,500,000
Interest income	2,216	3,336
Receipt of interest accrued on loans	22,834	151,924
Rental income	5,520	4,408
Expenses incurred on behalf of subsidiary companies	84,353	70,238
Reimbursements of expenses incurred on behalf of subsidiary companies	214,382	362
Receipt of loan principal	55,279	-
Balances		
Balances receivable - unsecured *	173,014	373,420
ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	468,059	491,841
Commission on sale of products	8,992	10,334
Payments under consignment account - net	30,201,585	31,781,347
Purchase of gas as feed and fuel stock	15,203,461	16,503,981
Equity investment	-	416,533
Advance against issue of shares	376,707	-
Services and materials provided	17,206	28,220
Services and materials received	15,695	-
Donations	194,000	164,473
Interest expense	46,676	99,873
Interest income	4,748	37,282
Dividend income	1,907,603	1,130,652

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

	June 30, 2021	June 30, 2020
	(Rupees '000)	
Balances		
Dividend receivable *	276,299	223,715
Long term investments *	113,921	125,548
Short term borrowing *	6,712,881	2,303,598
Running finance *	247,299	153,285
Balances receivable - unsecured *	360,859	362,345
Balances payable - unsecured *	65,158,101	66,368,028
KEY MANAGEMENT PERSONNEL		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2021: 1 and 426 (2020: 1 and 403) respectively	2,548,888	2,360,226
STAFF RETIREMENT BENEFITS		
Contributions		
Employees' Provident Fund Trust	240,633	238,495
Employees' Gratuity Fund Trust	229,632	253,724
Employees' Pension Fund Trust	217,967	159,720
Employees' Funds as Dividend on equity holding of 0.15% (2020: 0.15%)	7,949	12,282
Balances		
Payable to Gratuity Fund Trust *	620,149	734,965
Payable to Pension Fund Trust *	365,713	439,697

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

17. NON ADJUSTING EVENTS AFTER REPORTING DATE



- 17.1** The Board of Directors of the Company in its meeting held on July 30, 2021 proposed second interim dividend of Rs 2.60 per share.
- 17.2** Subsequent to the period end, the shareholders of the Company in its extra ordinary general meeting held on July 27, 2021 have approved the acquisition of profitable projects: Foundation Wind Energy Limited (FWEL) - I & II, at an aggregate consideration of Rs 14,072,340 thousand alongwith sharing of the delayed payment surcharge mechanism set out in the draft share purchase agreement. The aggregate consideration is also subject to adjustments, including adjustment of dividends paid by FWEL I & II subsequent to December 31, 2020 as per terms and conditions governed under draft share purchase agreement. The transaction parties are in process of obtaining approvals required under the regulatory framework, before the signing of the final share purchase agreement, which are expected to be obtained in due course.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

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 year ended June 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 July 30, 2021.


Chairman
Chief Executive
Director
Chief Financial Officer



**Condensed
Interim Consolidated
Financial Statements**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2021

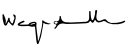
	Note	Un-audited June 30, 2021	Audited December 31, 2020
		(Rupees ‘000)	
EQUITY AND LIABILITIES			
EQUITY			
Share capital	4	12,722,382	12,722,382
Capital reserves		5,108,003	6,736,633
Revenue reserves			
General reserves		8,802,360	8,802,360
Unappropriated profit		52,862,771	48,814,236
(Deficit) / surplus on remeasurement of investments to fair value - net		(512,764)	663,884
		78,982,752	77,739,495
Share in revaluation reserve of associates - net		1,367,904	1,392,593
NON - CURRENT LIABILITIES			
Long term borrowings - secured	5	8,749,724	12,199,452
Lease liabilities		61,866	78,355
Deferred government grant		13,244	27,363
Gas Infrastructure Development Cess (GIDC) payable		26,894,317	32,771,664
Deferred liabilities		8,360,074	8,541,348
		44,079,225	53,618,182
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	5	6,274,108	5,781,827
Current portion of lease liabilities		28,233	25,698
Current portion of deferred government grant		77,405	92,893
Trade and other payables	6	50,879,592	46,928,291
Mark-up and profit accrued		272,695	278,745
Short term borrowings - secured	7	40,320,765	25,277,286
Unclaimed dividend		471,975	467,812
Taxation		5,193,030	4,607,530
		103,517,803	83,460,082
TOTAL EQUITY AND LIABILITIES		227,947,684	216,210,352
CONTINGENCIES AND COMMITMENTS			
	8		

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	Un-audited June 30, 2021	Audited December 31, 2020
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	9	33,107,549	32,595,937
Intangible assets		1,939,948	1,937,957
Long term investments	10	63,681,885	62,512,198
Long term loans and advances - secured		2,287,634	1,945,533
Long term deposits and prepayments		30,943	27,320
		101,047,959	99,018,945
CURRENT ASSETS			
Stores, spares and loose tools		4,869,245	4,562,872
Stock in trade		8,085,037	473,371
Trade debts		5,341,601	5,869,244
Loans and advances		846,340	810,995
Deposits and prepayments		290,134	68,265
Other receivables	11	22,417,504	20,780,294
Short term investments	12	83,562,315	83,188,113
Cash and bank balances		1,487,549	1,438,253
		126,899,725	117,191,407
TOTAL ASSETS		227,947,684	216,210,352


Chairman

Chief Executive

Director

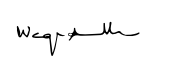
Chief Financial Officer

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

For the six month period ended June 30, 2021

	Note	Three month period ended		Six month period ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
		(Rupees '000)		(Rupees '000)	
Turnover - net	13	23,938,795	25,158,006	46,457,544	46,561,145
Cost of sales		15,199,610	16,215,451	28,902,689	29,863,481
GROSS PROFIT		8,739,185	8,942,555	17,554,855	16,697,664
Administrative and distribution expenses		2,103,973	1,954,217	4,242,369	4,117,758
		6,635,212	6,988,338	13,312,486	12,579,906
Finance cost		468,110	640,624	959,641	1,497,766
Unwinding of GIDC liability		1,198,818	-	1,198,818	-
Other expenses		571,070	632,745	1,295,254	1,195,272
		4,397,214	5,714,969	9,858,773	9,886,868
Other income		1,253,961	1,200,668	2,372,941	2,971,093
Share of profit of associates and joint venture		1,717,805	545,159	3,633,273	547,196
PROFIT BEFORE TAXATION		7,368,980	7,460,796	15,864,987	13,405,157
Provision for taxation		1,815,343	1,962,150	4,303,060	3,620,064
PROFIT FOR THE PERIOD		5,553,637	5,498,646	11,561,927	9,785,093
Earnings per share - basic and diluted (Rupees)		4.37	4.32	9.09	7.69

The annexed notes 1 to 19 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, 2021

	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Rupees '000)		(Rupees '000)	
PROFIT FOR THE PERIOD	5,553,637	5,498,646	11,561,927	9,785,093
OTHER COMPREHENSIVE INCOME				
Items that are reclassified subsequently to profit or loss				
Surplus/ (deficit) on re-measurement of investments to fair value - net of tax	17,991	109,226	(30,615)	294,749
Equity accounted investees - share of OCI, net of tax	(1,169,086)	1,117,006	(1,506,001)	1,818,361
	(1,151,095)	1,226,232	(1,536,616)	2,113,110
Items that will not be subsequently reclassified to profit or loss				
Equity accounted investees - share of OCI, net of tax	21,079	-	(3,610)	16,321
Comprehensive income taken to equity	4,423,621	6,724,878	10,021,701	11,914,524
Comprehensive income not recognised in equity				
Items that may be subsequently reclassified to profit or loss				
Share in revaluation reserve of associates - net	-	(19,101)	(24,689)	47,726
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,423,621	6,705,777	9,997,012	11,962,250

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


Chairman

Chief Executive

Director

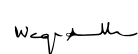
Chief Financial Officer

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

For the six month period ended June 30, 2021

	Capital reserves				Revenue reserves		Surplus / (deficit) on remeasurement of investments to fair value - net	Total
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Statutory reserve (Rupees '000)	General reserve	Unappropriated profit	
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	59,466,030
Total comprehensive income								
Profit for the period	-	-	-	-	-	-	9,785,093	9,785,093
Other comprehensive income / (loss) - net of tax	-	-	-	178,437	-	-	16,321	2,129,431
	-	-	-	178,437	-	-	9,801,414	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								
Transfer to statutory reserve	-	-	-	-	484,741	-	(7,315,370)	(7,315,370)
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	64,065,184
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	77,739,495
Total comprehensive income								
Profit for the period	-	-	-	-	-	-	11,561,927	11,561,927
Other comprehensive income / (loss) - net of tax	-	-	-	(359,968)	-	-	(3,610)	(1,540,226)
	-	-	-	(359,968)	-	-	11,558,317	10,021,701
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)
Other changes in equity								
Transfer to statutory reserve	-	-	-	-	-	-	(8,778,444)	(8,778,444)
Balance as at June 30, 2021 (Un-audited)	12,722,382	40,000	120,000	2,426,024	2,521,979	8,802,360	52,862,771	78,982,752

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



Chairman



Chief Executive



Director

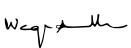


Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
For the six month period ended June 30, 2021

	Note	June 30, 2021	June 30, 2020
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	15	2,803,825	28,004,731
Finance cost paid		(962,183)	(1,942,055)
Income tax paid		(3,628,073)	(3,189,014)
Other comprehensive income - net of tax		(4,590,256)	(5,131,069)
Net cash (used in) / generated from operating activities		(1,786,431)	22,873,662
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,178,105)	(924,735)
Proceeds from sale of operating fixed assets		9,797	9,159
Advance against issue of shares - Thar Energy Limited		(376,707)	-
Other investments - net		650,126	83,020
Interest and profit received		328,773	501,198
Dividend received		1,855,019	815,652
Net cash generated from investing activities		288,903	484,294
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing:			
Draw-downs		-	3,041,731
Repayments		(2,964,249)	(3,668,083)
Repayment of lease liabilities		(6,532)	(21,027)
Dividend paid		(8,774,281)	(7,397,445)
Net cash used in financing activities		(11,745,062)	(8,044,824)
Net (decrease) / increase in cash and cash equivalents		(13,242,590)	15,313,132
Cash and cash equivalents at beginning of the period		57,974,712	32,683,531
Effect of exchange rate changes		(106,557)	198,044
Cash and cash equivalents at end of the period		44,625,565	48,194,707
CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,487,549	5,948,147
Short term borrowings - secured		(40,320,765)	(1,750,336)
Short term highly liquid investments		83,458,781	43,996,896
		44,625,565	48,194,707

The annexed notes 1 to 19 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, 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), 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.

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 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, 2020.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

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 June 30, 2021	Audited December 31, 2020	Note	Un-audited June 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>

5. LONG TERM BORROWINGS - SECURED**From conventional banks**

Fauji Fertilizer Company Limited	5.1	10,697,097	12,962,097
FFC Energy Limited	5.2	2,237,966	2,900,856
Fauji Fresh n Freeze Limited	5.3	88,769	118,326

From Islamic banks

Fauji Fertilizer Company Limited	5.4	2,000,000	2,000,000
		<u>15,023,832</u>	<u>17,981,279</u>

Less: Current portion shown under current liabilities

From conventional banks	5,774,108	5,531,827
From Islamic banks	500,000	250,000
	<u>6,274,108</u>	<u>5,781,827</u>
	<u>8,749,724</u>	<u>12,199,452</u>

5.1 Movement during the period / year is as follows:

Opening balance	12,962,097	10,833,750
Draw-downs during the period / year	-	2,128,347
Repayments during the period / year	(2,265,000)	-
Closing balance	<u>10,697,097</u>	<u>12,962,097</u>

5.1.1 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 + 0.08% to 0.40% 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 December 2025 (December 31, 2020: December 2025).

The Company also availed Rs. 2,000,000 thousand currently outstanding at Rs. 1,500,000 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%

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

Note	Un-audited June 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	6,802	17,505
Closing balance	2,237,966	2,900,856

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 + 0.15% 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 FFCEL.
- 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 FFCEL and the Financial Institutions. Under the Amendment, the mark-up rate was reduced to six months KIBOR + 0.15% from six months KIBOR + 2.95% with effect from June 30, 2017.

Note	Un-audited June 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	-	126,290
Repayments during the period / year	(29,557)	(141,625)
	88,769	126,290
Deferred grant recognized	-	(7,964)
Closing balance	88,769	118,326

These facilities are secured by way of first pari passu charge of Rs 182,530 thousand (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 as mentioned in note 6 to the condensed interim financial statements, which will be amortised to interest income over the period of the facilities.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

	Note	Un-audited June 30, 2021	Audited December 31, 2020
(Rupees '000)			
5.4 Movement during the period / year is as follows:			
Opening balance		2,000,000	350,000
Draw-downs during the period / year		-	2,000,000
Repayments during the period / year		-	(350,000)
Closing balance	5.4.1	2,000,000	2,000,000

- 5.4.1** 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. This carry profit rate of 6 month KIBOR + 0.10% per annum (December 31, 2020: 6 month KIBOR+ 0.10% per annum) and are repayable up to May 2025 (December 31, 2020: May 2025).

	Note	Un-audited June 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		1,198,818	-
		57,915,703	56,716,885
Less: Current portion of GIDC payable	6.1	(31,021,386)	(23,945,221)
Long-term portion of GIDC payable		26,894,317	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 June 30, 2021 in accordance with the SCP decision on review petition.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

	Note	Un-audited June 30, 2021	Audited December 31, 2020	
		(Rupees '000)		
7	SHORT TERM BORROWINGS - secured			
	From conventional banks	7.1	35,489,918	20,584,240
	From Islamic banks	7.2	4,830,847	4,693,046
			40,320,765	25,277,286

- 7.1 Short term borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs. 56,760,000 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 March 2022 (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/PISs in certain cases. The per annum rates of markup range between 1 month KIBOR + 0.0% to 0.35% and 3 month KIBOR + 0% to 0.20% (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%).

FFF availed running finance facility (interest/ markup based) from JS Bank Limited to meet working capital requirements with a sanctioned limit of Rs 900,000 thousand (2020: Rs 900,000 thousand) which carries mark up of 1 months KIBOR + 1.00% per annum (2020: 1 month KIBOR plus 100 bps per annum). It is secured by first pari passu hypothecation charge of Rs 1,200,000 thousand (2020: Rs 1,200,000 thousand) over all present and future current assets (stocks and receivables) of FFF, including 25% margin and letter of comfort of the Parent Company covering total exposure towards FFF.

- 7.2 Shariah compliant short term borrowings are available from various banking companies under profit arrangements against facilities amounting to 5,000,000 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 2022 (December 31, 2020: May 31, 2021).

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

		Un-audited June 30, 2021	Audited December 31, 2020
8	CONTINGENCIES AND COMMITMENTS		
8.1	Contingencies:	(Rupees '000)	
i)	Guarantees issued by banks on behalf of the Group companies	5,387,683	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	24,859,206	23,691,595
iv)	Group's share of contingencies in Fauji Cement Company Limited as at March 31, 2021 (2020: September 30, 2020)	167,441	117,936
v)	Group's share of contingencies in Askari Bank Limited as at March 31, 2021 (2020: September 30, 2020)	94,729,472	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.		

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

	Note	Un-audited June 30, 2021	Audited December 31, 2020
8.2 Commitments in respect of:		(Rupees '000)	
i) Capital expenditure		2,996,260	1,613,024
ii) Purchase of fertilizer, stores, spares and other operational items		6,366,194	2,060,554
iii) Investment in Thar Energy Limited		1,903,808	2,307,192
iv) Group's share of commitments of PMP as at March 31, 2021 (2020: September 30, 2020)		8,227	6,232
v) Contracted out services		165,985	102,546
9. PROPERTY PLANT AND EQUIPMENT			
Operating fixed assets	9.1	31,093,346	31,573,294
Capital work in progress	9.2	1,942,023	935,638
Right of use assets	9.3	72,180	87,005
		33,107,549	32,595,937
9.1 Operating fixed assets			
Opening written down value		31,573,294	30,375,178
Additions during the period / year		1,167,267	4,355,293
Written down value of disposals / adjustments		(120)	(5,948)
Transfers / adjustments		(156)	93
Depreciation during the period / year		(1,646,939)	(3,151,322)
		31,093,346	31,573,294
9.1.1 Additions in and depreciation on operating fixed assets during the six month period ended June 30, 2020 were Rs 2,358,126 thousand and Rs 1,571,981 thousand respectively.			
		Un-audited June 30, 2021	Audited December 31, 2020
9.2 Capital work in progress		(Rupees '000)	
Opening value		935,638	2,258,030
Additions during the period / year		1,185,685	166,181
Transfers during the period / year		(179,300)	(1,488,573)
		1,942,023	935,638
9.3 Right of use assets			
Opening value		87,005	124,950
Additions during the period / year		-	8,050
Depreciation during the period / year		(14,825)	(45,995)
		72,180	87,005
9.4 Depreciation charge has been allocated as follows:			
Cost of sales		1,593,674	3,066,038
Administrative and distribution expenses		63,656	121,907
Other expenses		1,163	1,852
Charged to FFBL under the Company Services Agreement		3,271	7,520
		1,661,764	3,197,317

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

	Note	Un-audited June 30, 2021	Audited December 31, 2020
		(Rupees '000)	
10. LONG TERM INVESTMENTS			
Equity accounted investments	10.1	57,888,022	57,538,122
Other long term investments	10.2	5,793,863	4,974,076
		63,681,885	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		130,044	23,316
		2,290,834	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		826,204	3,219,922
Share of OCI for the period / year		(410,970)	776,322
		24,467,013	24,051,779
Askari Bank Limited			
Balance at the beginning		24,721,018	18,998,792
Share of profit for the period / year		2,379,420	4,637,970
Share of OCI for the period / year		(1,234,053)	1,899,908
Dividend received		(1,631,304)	(815,652)
		24,235,081	24,721,018
Thar Energy Limited			
Balance at the beginning		3,186,377	3,189,926
Advance against issue of shares		376,707	-
Share of loss for the period / year		(14,585)	(4,263)
Share of OCI for the period / year		-	714
		3,548,499	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		312,190	344,377
Gain on translation of net assets		(160,038)	344,377
Dividend received		(223,715)	(335,525)
		3,346,595	3,418,158
		57,888,022	57,538,122

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

	Note	Un-audited June 30, 2021	Audited December 31, 2020
		(Rupees '000)	
10.2 Other long term investments			
Investment at fair value through other comprehensive income			
Term Deposit Receipts - from conventional bank		113,921	125,548
Term Finance Certificate - from conventional bank		196,183	200,000
Pakistan Investment Bonds		5,587,293	4,736,896
		5,897,397	5,062,444
Less: Current portion shown under short term investments			
Investment at fair value through other comprehensive income			
Term Deposit Receipts - from conventional bank		38,148	21,516
Pakistan Investment Bonds		65,386	66,852
	12	103,534	88,368
		5,793,863	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 15,967,032 thousand (2020: Rs 14,196,402 thousand) on account of sales tax receivable from the Government.

	Note	Un-audited June 30, 2021	Audited December 31, 2020
		(Rupees '000)	
12. SHORT TERM INVESTMENTS			
Amortized cost - conventional instruments			
Term deposits with banks and financial institutions			
Local currency		20,968,000	1,286,000
Foreign currency		2,401,668	2,426,874
		23,369,668	3,712,874
Investments at fair value through profit or loss			
Conventional investments		55,683,769	74,767,100
Shariah compliant investments		4,405,344	4,619,771
		60,089,113	79,386,871
Current maturity of long term investments			
Investments measured at fair value through other comprehensive income	10	103,534	88,368
		83,562,315	83,188,113

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

	Three month period ended		Six month period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
13. TURNOVER - NET	(Rupees '000)		(Rupees '000)	
Fertilizer	22,898,401	23,994,456	44,938,421	45,040,573
Power	1,304,038	1,937,916	1,801,845	2,412,744
Food	393,920	228,516	962,210	680,622
	24,596,359	26,160,888	47,702,476	48,133,939
Sales tax	(639,509)	(660,426)	(1,205,717)	(1,200,162)
Trade discount	(18,055)	(342,456)	(39,215)	(372,632)
	(657,564)	(1,002,882)	(1,244,932)	(1,572,794)
	23,938,795	25,158,006	46,457,544	46,561,145

14. 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, 2021 (Un-audited)				
Assets				
Segment assets (Total)	153,533,911	13,228,889	3,296,862	170,059,662
Equity accounted investees	57,888,022	-	-	57,888,022
Liabilities				
Segment liabilities (Total)	143,923,231	2,540,280	1,133,517	147,597,028
Capital expenditure	2,070,400	48,093	54,453	2,172,946
Depreciation	1,206,282	307,767	147,715	1,661,764

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

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

	June 30, 2021	June 30, 2020
	(Rupees '000)	
15. CASH GENERATED FROM OPERATIONS		
Profit before tax	15,864,987	13,405,157
Adjustments for:		
Depreciation	1,651,071	1,587,635
Amortization	2,618	3,840
Unwinding of GIDC liability	1,198,818	-
Amortization of transaction cost	6,802	9,652
(Reversal of) / provision for slow moving spares	(5,070)	57,696
Provision for stock in trade	-	1,347
Finance cost	950,217	1,497,766
Gain on sale of operating fixed assets	(9,677)	(8,301)
Income on loans, deposits and investments	(373,653)	(497,517)
Amortization of Government grant	(29,607)	-
Share of (profit) of associated companies and joint venture	(3,633,273)	(547,196)
Exchange loss / (gain) - net	112,473	(198,044)
Gain on remeasurement of investments at fair value through profit or loss	(229,694)	(246,936)
	(358,975)	1,659,942
	15,506,012	15,065,099
Changes in:		
Stores, spares and loose tools	(301,303)	(637,121)
Stock in trade	(7,611,666)	105,193
Trade debts	527,643	9,232,840
Loans and advances	(35,345)	167,550
Deposits and prepayments	(221,869)	(208,615)
Other receivables	(1,589,059)	(264,351)
Trade and other payables	(3,124,864)	5,168,598
	(12,356,463)	13,564,094
Changes in long term loans and advances	(342,101)	(622,749)
Changes in long term deposits and prepayments	(3,623)	(1,713)
	2,803,825	28,004,731

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

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.

	June 30, 2021	June 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	3,893,240	3,244,367
Cost recharge	129,600	-
Sale of fertilizer	-	620
Others	68	41

Balances

Balance payable - unsecured *	62,100	52,500
-------------------------------	--------	--------

ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP

Transactions

Expenses charged on account of marketing of fertilizer on behalf of associated company	468,059	491,841
Commission on sale of products	8,992	10,334
Payment under consignment account - net	30,201,585	31,781,347
Purchase of gas as feed and fuel stock	15,203,461	16,503,981
Equity investment	-	416,533
Advance against issue of shares	376,707	-
Services and materials provided	17,206	28,220
Services and materials received	15,695	-
Donation	194,000	164,473
Interest expense	57,407	125,736
Interest income	8,432	45,131
Dividend income	1,907,603	1,130,652

Balances

Dividend receivable *	276,299	223,715
Long term investment *	113,921	125,548
Short term borrowing *	6,712,881	2,303,598
Long term borrowing *	188,667	141,265
Bank balance *	140,105	131,496
Running finance *	247,299	153,285
Balance receivable - unsecured *	360,859	362,345
Balance payable - unsecured *	65,158,101	66,368,028

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2021

	June 30, 2021	June 30, 2020
	(Rupees '000)	
Key management personnel		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2021: 1 and 435 (2020: 1 and 412) respectively.	2,598,228	2,405,748
Contribution and balances with staff retirement funds		
Employees' Provident Fund Trust	244,378	238,495
Employees' Gratuity Fund Trust	229,632	253,724
Employees' Pension Fund Trust	217,967	159,720
Employees' Funds as Dividend on equity holding of 0.15% (2020: 0.15%)	7,949	12,282
Payable to Gratuity Fund Trust *	620,149	734,965
Payable to Pension Fund Trust *	365,713	439,697

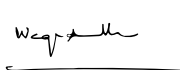
* Comparative figures of receivable / payable balances are as of December 31, 2020.

18. NON ADJUSTING EVENTS AFTER REPORTING DATE

- 18.1** The Board of Directors of FFC in its meeting held on July 30, 2021 proposed second interim dividend of Rs 2.60 per share.
- 18.2** Subsequent to the period end, the shareholders of the Company in its extra ordinary general meeting held on July 27, 2021, have approved the acquisition of profitable projects: Foundation Wind Energy Limited (FWEL) - I & II, at an aggregate consideration of Rs 14,072,340 thousand alongwith sharing of the delayed payment surcharge mechanism set out in the draft share purchase agreement. The aggregate consideration is also subject to adjustments, including adjustment of dividends paid by FWEL I & II subsequent to December 31, 2020 as per terms and conditions governed under draft share purchase agreement. The transaction parties are in process of obtaining approvals required under the regulatory framework, before the signing of the final share purchase agreement, which are expected to be obtained in due course.

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 June 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 July 30, 2021.


Chairman

Chief Executive

Director

Chief Financial Officer

SAY NO TO CORRUPTION

If undelivered please return to:
FAUJI FERTILIZER COMPANY LIMITED
Sona Tower, 156 - The Mall, Rawalpindi.
Tel: +92 (51) 8450001 UAN: +92 (51) 111-332-111
Website: www.ffc.com.pk



Olive Technical Services Ltd