



FAUJI FERTILIZER
COMPANY LIMITED



HALF YEARLY
**FINANCIAL
STATEMENTS**

JUNE 30, 2023 (Un - Audited)

CONTENTS

03

Company Information

04

Directors' Review

07

ڈائریکٹرز کا تجزیہ

08

Independent Auditor's
Review Report

09

Condensed Interim
Financial Statements

27

Condensed Interim
Consolidated Financial Statements



SAY NO TO CORRUPTION

Company Information

BOARD OF DIRECTORS

Mr. Waqar Ahmed Malik

Chairman

Mr. Sarfaraz Ahmed Rehman

Managing Director & Chief Executive Officer

Dr. Nadeem Inayat

Mr. Saad Amanullah Khan

Ms. Maryam Aziz

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

Mr. Peter Bruun Jensen

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

Syed Bakhtiyar Kazmi

Mr. Shoaib Javed Hussain

Mr. Jehangir Shah

Dr. Ayesha Khan

Mr. Momin Agha

CHIEF FINANCIAL OFFICER

Syed Atif Ali

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

E-mail: atif_ali@ffc.com.pk

COMPANY SECRETARY

Brig Irfan Khan Tbt (Retd)

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

E-mail: secretary@ffc.com.pk

REGISTERED OFFICE

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Website: www.ffc.com.pk

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

Fax No. +92-51-8459925, E-mail: ffcrwp@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: +92-0800-23275, Fax: +92-21-34326053

DIRECTORS' REVIEW

Dear Shareholders,

By the Grace of Allah SWT, the Board of Directors is pleased to report that the Company has achieved highest ever half yearly profit of Rs 13.08 billion for the period ended June 30, 2023, compared to Rs 9.60 billion last year.

The increased profitability is attributable to significant cost optimization measures and operational efficiency enhancement initiatives implemented by the management, along with record investment income of Rs 6.3 billion attributable to efficient treasury operations of the Company.

The Company achieved the above results despite high level of inflation, devaluation of currency and imposition of additional super tax. Earning per share stood at Rs 10.28 compared with Rs 7.55 last year. The profitability in dollar terms however declined by 8% to USD 48 million compared to USD 52 million last year.

Sona urea production by the Company stood at 1,278 thousand tonnes, which was in line with last year, with an operating efficiency of 125%. The operating costs at Rs 46.5 billion witnessed an increase of 22%, whereas finance cost was registered at Rs 2.7 billion, with an increase of Rs 640 million. The retrospective application of 6% of super tax also negatively impacted Company's profitability by Rs 3.9 billion, which resulted in an effective tax charge of 49% being one of the highest.

It is pertinent to mention that selling prices of urea varied significantly within the fertilizer industry, with FFC marketing urea at the lowest price of Rs 2,565 per bag, compared to market prices of around Rs 3,000 per bag and international price of Rs 5,700 per bag.

In line with our commitment to provide continuous returns to our shareholders, the Board is pleased to announce second interim dividend of Rs 3.15 per share, with an aggregate distribution of Rs 7.41 per share during the first half of 2023.

Future Outlook

The Honourable Islamabad High Court has declared retrospective imposition of super tax from year 2021 as unconstitutional, in its judgement dated 20 July 2023. The tax department however has the option to file a petition before Supreme Court against this judgement. In addition, pursuant to the directions of Supreme Court, 50% of super tax liability for year 2021 had already been deposited by the Company in April 2023.

The Finance Act 2023 also imposed federal excise duty on fertilizers, besides levying 5% GST on DAP. The impact of these levies had been passed on to sustain the shareholders returns.

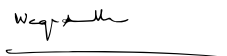
Gas prices are expected to increase under the proposition of price unification, which would lead to phenomenal increase in Company's gas cost, while the cost of other fertilizer manufacturers is not expected to be impacted materially. The Company is further being compelled not to pass on the impact of gas price escalation which would severely impact Company's profitability.

The Government is therefore requested for cognizance of FFC's endeavours for providing urea to the farmers at the lowest rates in the Country, and also devise a formula for gas price increase which would allow level playing field to all the fertilizer manufacturers. The Government is further requested to implement gas

price revisions prospectively from the date of announcements, as retrospective application would bring further disparity in urea prices.

The Board however remains committed for the food security in the Country. In this regard our ongoing capital intensive gas pressure enhancement project is progressing on a fast track basis, besides continued investment on maintenance of our aging plants, to ensure sustained supply of quality fertilizers to the farming community.

On the behalf of the Board



Waqar Ahmed Malik
Chairman



Sarfaraz Ahmed Rehman
Managing Director &
Chief Executive Officer

Rawalpindi
July 25, 2023

فننس ایکٹ 2023 کے تحت کھادوں پر فیڈرل ایکسائز ڈیوٹی کے نفاذ کے ساتھ ساتھ DAP پر 5 فیصد جی ایس ٹی بھی لاگو کر دیا گیا ہے۔ ان محصولات کے اثرات کو آگے منتقل کر دیا گیا ہے تاکہ حصہ داران کے منافع کو برقرار رکھا جاسکے۔

یکساں قیمتوں کی تجویز کے تحت گیس کی قیمتوں میں اضافہ متوقع ہے جو کمپنی کی گیس کی لاگت میں نمایاں اضافے کا باعث بھی بنے گا جبکہ کھاد بنانے والے دیگر اداروں کی لاگت پر بہت زیادہ منفی اثرات ہونے کی توقع نہیں ہے۔ کمپنی کو گیس کی قیمتوں میں اس اضافے کے اثرات کو آگے منتقل نہ کرنے کے لیے بھی دباؤ کا سامنا ہے جو کہ کمپنی کے منافع کو بری طرح متاثر کرے گا۔

چنانچہ حکومت سے درخواست ہے کہ وہ ملک میں کاشتکاروں کو ارزائ ترین نرخوں پر یوریا کی فراہمی کے لیے ایف ایف سی کی کاوشوں کا ادراک کرے اور کھاد کی قیمتوں میں اضافے کا ایب انار مولو وضع کرے جس سے کھاد کے تمام صنعتکاروں کو کاروبار کے یکساں مواقع میسر آسکیں۔ حکومت سے مزید درخواست ہے کہ گیس کی قیمتوں میں تبدیلی کا نفاذ، آئندہ آنے والے وقت سے کیا جائے کیونکہ ماضی کی تاریخوں سے اطلاق کھاد کی قیمتوں میں مزید عدم مساوات کا سبب بنے گا۔

تاہم بورڈ ملک میں غذائی تحفظ پر توجہ مرکوز رکھے ہوئے ہے۔ اس سلسلے میں گیس کے دباؤ کو بڑھانے کے لیے ہمارا خطیر مالیات سے لگایا جانے والا منصوبہ تیز رفتاری سے آگے بڑھ رہا ہے، اس کے علاوہ پلاسٹک کو مندر سوڈی سے محفوظ رکھنے کے لیے مسلسل سرمایہ کاری بھی جاری ہے، تاکہ کاشتکار برادری کو معیاری کھادوں کی مسلسل فراہمی کو یقینی بنایا جاسکے۔

بورڈ کی جانب سے

Sufiaz Ahmad Raza

سرفراز احمد رحمن

مینجنگ ڈائریکٹر و چیف ایگزیکٹو آفیسر

میرزا احمد ملک
 وقار احمد ملک
 چیئرمین

راولپنڈی

25 جولائی 2023

ڈائریکٹرز کا تجزیہ

30 جون 2023 کو ختم ہونے والی مدت کے لیے

معزز حصہ داران!

اللہ سبحانہ و تعالیٰ کے فضل سے بورڈ آف ڈائریکٹرز کو یہ اطلاع دیتے ہوئے ہمیں خوشی ہو رہی ہے کہ کمپنی نے 30 جون 2023 کو ختم ہونے والی مدت کے لیے 13.08 ارب روپے کا بلند ترین ششماہی منافع حاصل کیا ہے جو کہ گزشتہ برس 9.60 ارب روپے تھ۔

منافع میں بہتری کا سبب بننے والے عوامل میں احراجات پر واپس آنے اور عملیاتی استعداد کو بڑھانے کے لیے انتظامیہ کی جانب سے اٹھائے گئے اقدامات کے ساتھ ساتھ، فنڈز کے عمدہ انتظام کے باعث، 6.3 ارب روپے کی ریکارڈ سرمایہ کاری آمدن بھی ہے۔

اضطرار کی بلند شرح، روپے کی قدر میں کمی اور سپر ٹیکس کے نفاذ کے باوجود کمپنی نے متذکرہ بالا نتائج حاصل کیے۔ کمپنی کی فی حصہ آمدن 10.28 روپے رہی جو کہ گزشتہ برس 7.55 روپے فی حصہ تھی۔ تاہم، ڈالر کے تناسب سے کمپنی کا منافع 8 فیصد کم ہو کر 48 ملین امریکی ڈالر رہا جو کہ گزشتہ برس 52 ملین امریکی ڈالر تھا۔

125 فیصد کی عملی استعداد کے ساتھ، کمپنی کی سونا یوریا کی پیداوار 1,278 ہزار ٹن رہی جو کہ گزشتہ برس کے تقریباً برابر ہے۔ 46.5 ارب روپے کی عملیاتی لاگت (Operating Costs) میں 22 فیصد کا اضافہ ہوا، جبکہ مالیاتی لاگت (Finance Cost) 640 ملین روپے کے اضافے کے ساتھ 2.7 ارب روپے ریکارڈ کی گئی۔ 6 فیصد سپر ٹیکس کے ماضی سے اطلاق نے بھی کمپنی کے منافع کو 3.9 ارب روپے سے منفی طور پر متاثر کیا، جس کے باعث مجموعی ٹیکس چارج بلند ترین 49 فیصد تک جا پہنچا۔

یہاں یہ بات بھی قابل ذکر ہے کہ ملک میں یوریا کی قیمتوں میں نمایاں تغیر رہا، اور ایف ایف سی نے یوریا 565،2 روپے فی بورے کے کم ترین نرخ پر بیچا، جبکہ مقامی مارکیٹ میں یوریا کی قیمت تقریباً 3،000 روپے فی بورے تھی اور عالمی منڈی میں یوریا کی قیمت 5،700 روپے فی بورے کے لگ بھگ تھی۔

اپنے حصہ داران کے لیے مستقل آمدن کو یقینی بنانے کے اپنے عزم پر مت اُمت رہتے ہوئے، بورڈ 3.15 روپے فی حصہ کے دوسرے عبوری منافع منقسمہ کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے اس طرح 2023 کی پہلی ششماہی کے دوران مجموعی ادائیگی 7.41 روپے فی حصہ ہو گئی ہے۔

متوقع مستقبل

معزز اسلام آباد ہائی کورٹ نے اپنے 20 جولائی 2023 کے فیصلے میں سال 2021 سے سپر ٹیکس کے نفاذ کو غیر آئینی قرار دیا ہے۔ تاہم ٹیکس ڈیپارٹمنٹ کے پاس اس فیصلے کے خلاف سپریم کورٹ میں درخواست دائر کرنے کا حق ہے۔ مزید برآں، سپریم کورٹ کی ہدایات کے مطابق، سال 2021 کے لیے سپر ٹیکس کی ذمہ داری کا 50 فیصد، کمپنی پہلے ہی اپریل 2023 میں جمع کرا چکی ہے۔

Independent Auditor's Review Report

To the members of Fauji Fertilizer Company Limited

Report on review of 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, 2023 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, 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended June 30, 2023.

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
August 22, 2023


A.F. Ferguson & Co
Chartered Accountants



Condensed Interim Financial Statements



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
(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		32,916,820	29,265,107
		41,719,180	38,067,467
Deficit on remeasurement of investments to fair value - net		(205,130)	(114,888)
		54,396,432	50,834,961
NON - CURRENT LIABILITIES			
Long term borrowings - secured	5	13,247,500	16,295,000
Lease liabilities		3,016	17,437
Gas Infrastructure Development Cess (GIDC) payable	6	1,154,841	7,940,534
Deferred liabilities		3,451,049	3,272,408
		17,856,406	27,525,379
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	5	5,770,000	5,445,000
Current portion of lease liabilities		18,640	15,743
Trade and other payables		100,779,303	89,836,138
Mark-up and profit accrued		1,083,837	1,505,936
Short term borrowings - secured	7	3,751,762	57,994,421
Unclaimed dividend		514,198	478,676
Taxation		10,876,778	6,485,753
		122,794,518	161,761,667
TOTAL LIABILITIES		140,650,924	189,287,046
TOTAL EQUITY AND LIABILITIES		195,047,356	240,122,007
CONTINGENCIES AND COMMITMENTS			
	8		

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	9	32,674,682	27,631,051
Intangible assets		1,573,294	1,573,143
Long term investments	10	50,371,782	50,525,124
Long term loans and advances - secured		4,915,598	4,555,580
Long term deposits and prepayments		12,378	12,378
		89,547,734	84,297,276
CURRENT ASSETS			
Stores, spares and loose tools		7,280,364	6,301,086
Stock in trade		8,834,796	19,487,801
Trade debts		1,647,968	371,540
Loans and advances - secured		3,026,805	952,546
Deposits and prepayments		77,195	301,327
Other receivables	11	25,923,013	26,620,590
Short term investments	12	56,537,973	100,269,870
Cash and bank balances		2,171,508	1,519,971
		105,499,622	155,824,731
TOTAL ASSETS		195,047,356	240,122,007



Chairman



Chief Executive Officer



Director



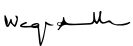
Chief Financial Officer

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

For the six month period ended June 30, 2023

	Note	Three month period ended		Six month period ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
		(Rupees '000)		(Rupees '000)	
Turnover - net	13	35,552,233	28,390,362	71,958,049	54,705,713
Cost of sales		(18,899,309)	(16,848,577)	(40,730,515)	(33,805,641)
GROSS PROFIT		16,652,924	11,541,785	31,227,534	20,900,072
Distribution cost		(2,682,476)	(2,120,176)	(5,738,299)	(4,306,518)
		13,970,448	9,421,609	25,489,235	16,593,554
Finance cost		(1,192,684)	(944,967)	(2,656,983)	(2,017,148)
Other losses					
-Unwinding of GIDC liability		(321,668)	(645,015)	(704,282)	(1,174,764)
-Loss allowance on subsidy receivable from GoP		(300,000)	(350,000)	(500,000)	(350,000)
		(621,668)	(995,015)	(1,204,282)	(1,524,764)
Other expenses		(1,184,750)	(915,431)	(2,258,110)	(1,642,701)
		10,971,346	6,566,196	19,369,860	11,408,941
Other income		2,750,000	3,950,621	6,294,619	7,409,402
PROFIT BEFORE TAXATION		13,721,346	10,516,817	25,664,479	18,818,343
Provision for taxation		(8,372,481)	(7,157,000)	(12,585,481)	(9,219,000)
PROFIT FOR THE PERIOD		5,348,865	3,359,817	13,078,998	9,599,343
Earnings per share - basic and diluted (Rupees)		4.20	2.64	10.28	7.55

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


Chairman

Chief Executive Officer

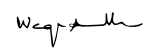
Director

Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
For the six month period ended June 30, 2023

	Three month period ended		Six month period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees '000)		(Rupees '000)	
PROFIT FOR THE PERIOD	5,348,865	3,359,817	13,078,998	9,599,343
OTHER COMPREHENSIVE INCOME / (LOSS)				
Items that are reclassified to profit or loss				
Surplus / (deficit) on re-measurement of investments to fair value - net of tax	24,907	(44,585)	(90,242)	(103,645)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	5,373,772	3,315,232	12,988,756	9,495,698

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




Chairman



Chief Executive Officer



Director



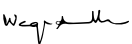
Chief Financial Officer

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

For the six month period ended June 30, 2023

	Share capital	Capital reserves	Revenue reserves		Surplus / (deficit) on remeasurement of investments to fair value - net	Total
			General reserves	Unappropriated profit		
				(Rupees '000)		
Balance as at January 1, 2022 (Audited)	12,722,382	160,000	8,802,360	25,779,498	50,054	47,514,294
Total comprehensive income						
Profit for the period	-	-	-	9,599,343	-	9,599,343
Other comprehensive (loss) - net of tax	-	-	-	-	(103,645)	(103,645)
	-	-	-	9,599,343	(103,645)	9,495,698
Transactions with owners of the Company						
Distributions:						
Final dividend 2021: Rs 4.65 per share	-	-	-	(5,915,908)	-	(5,915,908)
First interim dividend 2022: Rs 3.70 per share	-	-	-	(4,707,282)	-	(4,707,282)
	-	-	-	(10,623,190)	-	(10,623,190)
Balance as at June 30, 2022 (Un-audited)	12,722,382	160,000	8,802,360	24,755,651	(53,591)	46,386,802
Balance as at January 1, 2023 (Audited)	12,722,382	160,000	8,802,360	29,265,107	(114,888)	50,834,961
Total comprehensive income						
Profit for the period	-	-	-	13,078,998	-	13,078,998
Other comprehensive (loss) - net of tax	-	-	-	-	(90,242)	(90,242)
	-	-	-	13,078,998	(90,242)	12,988,756
Transactions with owners of the Company						
Distributions:						
Final dividend 2022: Rs 3.15 per share	-	-	-	(4,007,550)	-	(4,007,550)
First interim dividend 2023: Rs 4.26 per share	-	-	-	(5,419,735)	-	(5,419,735)
	-	-	-	(9,427,285)	-	(9,427,285)
Balance as at June 30, 2023 (Un-audited)	12,722,382	160,000	8,802,360	32,916,820	(205,130)	54,396,432

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


Chairman

Chief Executive Officer

Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the six month period ended June 30, 2023

	Note	June 30, 2023	June 30, 2022
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	37,675,644	24,335,278
Finance cost paid		(3,077,634)	(1,938,923)
Income tax paid		(7,966,456)	(4,807,406)
		(11,044,090)	(6,746,329)
Net cash generated from operating activities		26,631,554	17,588,949
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(6,254,068)	(1,870,826)
Proceeds from sale of operating fixed assets		12,394	31,507
Investment in Thar Energy Limited		-	(907,524)
Advance against issue of shares - Thar Energy Limited		(226,908)	(338,250)
Other investments - net		65,058	(546,167)
Interest and profit received		660,002	369,412
Dividend received		-	1,260,000
Net cash used in investing activities		(5,743,522)	(2,001,848)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing			
Repayments		(2,722,500)	(2,619,782)
Repayment of lease liabilities		(12,972)	(18,614)
Dividend paid		(9,391,763)	(10,602,770)
Net cash used in financing activities		(12,127,235)	(13,241,166)
Net increase in cash and cash equivalents		8,760,797	2,345,935
Cash and cash equivalents at beginning of the period		39,784,483	55,178,417
Effect of exchange rate changes		966,260	429,486
Cash and cash equivalents at end of the period		49,511,540	57,953,838
CASH AND CASH EQUIVALENTS			
Cash and bank balances		2,171,508	13,696,730
Short term borrowings - secured		(3,751,762)	(46,026,907)
Short term highly liquid investments		51,091,794	90,284,015
		49,511,540	57,953,838

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



Chairman



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

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, technical and engineering services and banking operations. The Company is a subsidiary of Fauji Foundation (FF), which is also its ultimate parent entity.

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 annual financial statements of the Company for the year ended December 31, 2022. Comparative condensed interim statement of financial position is extracted from annual financial statements as at December 31, 2022 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, 2022.

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 annual financial statements of the Company for the year ended December 31, 2022.

4. SHARE CAPITAL**AUTHORISED SHARE CAPITAL**

This represents 1,500,000,000 (December 31, 2022: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (December 31, 2022: Rs 15,000,000 thousand).

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited June 30, 2023	Audited December 31, 2022		Un-audited June 30, 2023	Audited December 31, 2022
(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, 2022: 44.35%) ordinary shares of the Company as at the period end.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
(Rupees '000)			
5. LONG TERM BORROWINGS - SECURED			
From conventional banks	5.1	10,017,500	11,740,000
From Islamic banks	5.2	9,000,000	10,000,000
		19,017,500	21,740,000
Less: Current portion shown under current liabilities			
From conventional banks		3,520,000	3,445,000
From Islamic banks		2,250,000	2,000,000
		5,770,000	5,445,000
		13,247,500	16,295,000
5.1 Movement during the period / year is as follows:			
Opening balance		11,740,000	13,244,198
Draw-downs during the period / year		-	3,000,000
Repayments during the period / year		(1,722,500)	(4,504,198)
Closing balance	5.1.1	10,017,500	11,740,000
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 + 0.05% to 0.15% per annum (December 31, 2022: 6 month KIBOR + 0.05% to 0.15% per annum) and are repayable up to December 2027 (December 31, 2022: December 2027).			
	Note	Un-audited June 30, 2023	Audited December 31, 2022
(Rupees '000)			
5.2 Movement during the period / year is as follows:			
Opening balance		10,000,000	8,000,000
Draw-downs during the period / year		-	2,000,000
Repayments during the period / year		(1,000,000)	-
Closing balance	5.2.1	9,000,000	10,000,000
5.2.1 These 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 profit rates ranging between 6 month KIBOR + 0.00% to 0.10% per annum (December 31, 2022: 6 month KIBOR + 0.00% to 0.10% per annum) and are repayable up to September 2027 (December 31, 2022: September 2027).			
	Note	Un-audited June 30, 2023	Audited December 31, 2022
(Rupees '000)			
6. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE			
Balance at the beginning		61,276,887	59,158,374
Unwinding of GIDC liability - charge to profit or loss		704,282	2,118,513
		61,981,169	61,276,887
Less: Current portion of GIDC payable	6.1	(60,826,328)	(53,336,353)
Long-term portion of GIDC payable		1,154,841	7,940,534

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

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 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 (GoP) 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 (MPCL) (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. The current and non-current portion of the GIDC liability has been segregated in the condensed interim statement of financial position in accordance with the 48 months recovery of installments.

On September 9, 2021, Ministry of Energy (MoE), GoP had written a letter to gas suppliers including Mari Petroleum Company Limited (MPCL), the supplier of gas to the Company, stating that they have sought clarification in respect of 48 monthly installments. Therefore, pending stated clarification, the instructions earlier conveyed as in letter dated August 19, 2020 (i.e. 24 month installments) shall remain in the field. During the period, on May 30, 2023, MoE, GoP has again written a letter to gas companies including MPCL, advising them to recover GIDC arrears in 48 monthly installments instead of 24 monthly installments. As the Company had already been accounting for GIDC liability based on 48 monthly installments, hence, no adjustments in this respect are required in these condensed interim financial statements.

During the period, no payments were made by the Company on account of GIDC on account of stay granted by Sindh High Court. Further, the Company has also contested and not accounted for late payment surcharge in these condensed interim financial statements, on GIDC payments against recovery stay granted by Sindh High Court.

	Note	Un-audited June 30, 2023	Audited December 31, 2022
		(Rupees '000)	
7. SHORT TERM BORROWINGS - SECURED			
From conventional banks	7.1	234,440	51,991,252
From Islamic banks	7.2	3,517,322	6,003,169
		3,751,762	57,994,421

7.1 Short term borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs 26,364,000 thousands (December 31, 2022: Rs 67,240,000 thousand) which represent the aggregate of all facility agreements between the Company and respective banks. The facilities have various maturity dates upto April 30, 2024 (December 31, 2022: December 29, 2023).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

These facilities are secured by pari passu / ranking hypothecation charges on assets of the Company besides lien over mutual fund investments and PIBs in certain cases. The rates of mark-up are 1 month KIBOR 0.10% + 0.25% and 3 month KIBOR + 0% to 0.35% per annum (December 31, 2022: 1 month KIBOR minus 0.35% to 1 month KIBOR + 0.25% and 3 month KIBOR minus 0.20% to 0.35% per annum).

- 7.2** Shariah compliant short term borrowing is available from a banking company under profit arrangement against a facility amounting to Rs 7,000,000 thousand (December 31, 2022: Rs 6,200,000 thousand). The facility has a maturity date of May 31, 2024 (December 31, 2022: December 31, 2023).

The facility is secured by ranking hypothecation charges on current assets of the Company and lien over PIBs. The per annum rate of profit is 1 month KIBOR minus 0.05% to 0.05% (December 31, 2022: 1 month KIBOR minus 0.35%).

Un-audited June 30, 2023	Audited December 31, 2022
(Rupees '000)	

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies:

- | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------|
| i) Guarantees issued by banks on behalf of the Company | 10,720,087 | 6,762,374 |
| ii) Claims against the Company and / or potential exposure not acknowledged as debt | 50,696 | 50,696 |
| iii) The Company has issued corporate bank guarantees and letters of comfort in favour of its subsidiary i.e. Fauji Fresh n Freeze Limited amounting to Rs 3,262,732 thousand (December 31, 2022: Rs 3,445,000 thousand). | | |
| iv) 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, in prior periods, CCP under the said Tribunal guidelines resumed the proceedings and the Company duly joined these proceedings through counsel. The Company filed writ petition before Islamabad High Court which was disposed of, directing CCP to proceed with regular hearings. CCP is yet to initiate its proceedings and the Company is awaiting hearing notice. The Company remains confident of successfully defending these unreasonable claims. | | |

Un-audited June 30, 2023	Audited December 31, 2022
(Rupees '000)	

8.2 Commitments in respect of:

- | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------|
| i) Capital expenditure commitments (including share of commitments amounting to Rs 1,829,732 thousand (December 31, 2022: Rs 4,881,728 thousand) relating to PEF joint operations. | 3,347,235 | 7,144,635 |
| ii) Purchase of fertilizer, stores, spares and other operational items | 4,733,603 | 4,899,193 |
| iii) Investment in Thar Energy Limited | 91,872 | 421,392 |
| iv) Contracted out services | 589,541 | 661,513 |
| v) Arrangement with SNGPL for pipeline for supply of RLNG | 560,000 | 2,420,000 |
| vi) Revolving credit facilities to: | | |
| - Foundation Wind Energy Limited - I | 1,500,000 | 1,500,000 |
| - FFC Energy Limited | 1,700,000 | 1,700,000 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
(Rupees '000)			
9. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	26,088,229	25,316,719
Capital work in progress	9.2	6,575,096	2,297,168
Right of use assets	9.3	11,357	17,164
		32,674,682	27,631,051
9.1 Operating fixed assets			
Opening written down value		25,316,719	21,943,479
Additions during the period / year		1,973,416	5,780,046
Written down value of disposals		(5)	(198)
Depreciation during the period / year		(1,201,901)	(2,406,608)
		26,088,229	25,316,719
9.1.1 Additions in and depreciation on operating fixed assets during the six month period ended June 30, 2022 were Rs 1,736,763 thousand and Rs 1,273,260 thousand respectively.			
		Un-audited June 30, 2023	Audited December 31, 2022
(Rupees '000)			
9.2 Capital work in progress			
Opening value		2,297,168	2,008,135
Additions during the period / year		4,498,829	1,769,225
Transfers during the period / year		(220,901)	(1,480,192)
		6,575,096	2,297,168
9.2.1 Capital work in progress include Rs 1,392,105 thousand (December 31, 2022: Rs 683,171 thousand) being Company's share in Joint Operation related to Gas Pressure Enhancement Facility (PEF).			
9.3 Right of use assets			
Opening value		17,164	35,672
Depreciation during the period / year		(5,807)	(18,508)
		11,357	17,164
9.4 Depreciation charge has been allocated as follows:			
Cost of sales		1,162,528	2,328,141
Distribution cost		39,358	81,602
Other expenses		555	2,108
Charged to FFBL under the Company Services Agreement		5,267	13,265
		1,207,708	2,425,116

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
(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	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		5,760,000	4,828,700
Advance against issue of shares		226,908	931,300
		5,986,908	5,760,000
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
Foundation Wind Energy - I Limited		7,493,051	7,493,051
Foundation Wind Energy - II Limited		6,019,288	6,019,288
OLIVE Technical Services (Private) Limited		20,000	20,000
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
		20,206,089	20,206,089
		46,013,536	45,786,628
Investments measured at fair value through other comprehensive income			
Term Deposit Receipts - from conventional bank		45,285	64,710
Bank Alfalah Term Finance Certificate		489,005	485,029
Pakistan Investment Bonds		4,430,820	4,574,399
		4,965,110	5,124,138
		50,978,646	50,910,766
Less: Current portion shown under short term investments - fair value through other comprehensive income			
Term Deposit Receipts - from conventional bank		44,945	27,070
Bank Alfalah Term Finance Certificates		189,005	-
Pakistan Investment Bonds		372,914	358,572
		606,864	385,642
		50,371,782	50,525,124

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

11. OTHER RECEIVABLES

Other receivables include Rs 6,961,878 thousand (December 31, 2022: Rs 6,961,878 thousand) on account of subsidy receivable and Rs 18,474,405 thousand (December 31, 2022: Rs 18,421,786 thousand) on account of sales tax receivable from the Government.

Note	Un-audited June 30, 2023	Audited December 31, 2022
	(Rupees '000)	

12. SHORT TERM INVESTMENTS**Amortised cost - conventional investments**

Term deposits with banks and financial institutions

Foreign currency

4,839,315

3,625,295

4,839,315

3,625,295

Investments at fair value through profit or loss

Conventional investments

42,248,271

94,127,281

Shariah compliant investments

8,843,523

2,131,652

51,091,794

96,258,933

Current maturity of long term investments

Fair value through other comprehensive income

10

606,864

385,642

56,537,973

100,269,870

Three month period ended

Un-audited
June 30,
2023

Un-audited
June 30,
2022

Six month period ended

Un-audited
June 30,
2023

Un-audited
June 30,
2022

(Rupees '000)

(Rupees '000)

13. TURNOVER - NET

Manufactured urea

29,687,133

23,797,431

59,353,580

45,681,379

Purchased and packaged fertilizers

5,904,145

5,183,746

12,663,180

10,160,160

35,591,278

28,981,177

72,016,760

55,841,539

Less: Sales tax

(39,045)

(590,815)

(58,711)

(1,135,826)

35,552,233

28,390,362

71,958,049

54,705,713

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited)

For the six month period ended June 30, 2023

	June 30, 2023	June 30, 2022
	(Rupees '000)	
14. CASH GENERATED FROM OPERATIONS		
Profit before taxation	25,664,479	18,818,343
Adjustments for:		
Unwinding of GIDC liability	704,282	1,174,764
Loss allowance on subsidy receivable from GoP	500,000	350,000
Depreciation	1,202,441	1,275,974
Amortization	2,573	1,642
Finance cost	2,656,983	2,017,148
Provision for slow moving spares	26,062	17,197
Reversal of provision for stock in trade - net	(798,208)	-
Gain on disposal of operating fixed assets	(12,389)	(31,424)
Interest and profit on loans, deposits and investments	(777,436)	(415,503)
Amortization of Government grant	-	(28,419)
Exchange gain- net	(966,260)	(429,486)
(Gain) / loss on re-measurement of investments at fair value through profit or loss	(1,259,651)	176,695
Dividend income	-	(2,515,538)
	1,278,397	1,593,050
	26,942,876	20,411,393
Changes in:		
Stores, spares and loose tools	(1,005,340)	(1,475,787)
Stock in trade	11,451,213	(11,453,386)
Trade debts	(1,276,428)	259,172
Loans and advances	(2,074,259)	(304,849)
Deposits and prepayments	224,132	(193,769)
Other receivables	320,278	(1,272,586)
Trade and other payables	3,453,190	19,290,764
	11,092,786	4,849,559
Changes in long term loans and advances	360,018	(980,188)
Changes in long term deposits and prepayments	-	3,061
Changes in deferred liabilities	-	51,453
	37,675,644	24,335,278

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, 2022. 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, 2022.

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, 2023

	June 30, 2023	June 30, 2022
	(Rupees '000)	
16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES		
Significant transactions and balances with the related parties are as follows:		
HOLDING COMPANY		
Transactions		
Dividend paid	4,181,001	4,711,385
Cost recharge	375,000	120,768
Sale of fertilizer	-	2,199
Others	534	60
Balances		
Balance payable - unsecured *	188,775	52,024
SUBSIDIARY COMPANIES		
Transactions		
Reduction in letters of comfort/ guarantees against loan	182,268	-
Advance under revolving credit facility	1,800,000	-
Interest income	136,923	-
Rental income	15,980	5,934
Dividend income	-	1,260,000
Expenses incurred on behalf of subsidiary companies	59,983	55,423
Receipt against expenses on behalf of subsidiary companies	6,171	61,675
Sale of fertilizer	2,731	-
Balances		
Balances receivable - unsecured *	2,197,014	184,215
ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	546,040	531,335
Commission on sale of products	9,154	11,438
Sale of fertilizer	130,950	-
Payments under consignment account - net	68,681,002	62,366,379
Payments against purchase of gas as feed and fuel stock	16,260,497	16,504,392
Equity investment	931,300	907,524
Advance against issue of shares	226,908	338,250
Services and materials provided	40,148	3,169
Services and materials received	-	441
Donations	793,832	311,208
Interest expense	216,520	200,870
Interest income	3,475	4,414
Dividend income	-	1,255,538

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited)

For the six month period ended June 30, 2023

	Un-audited June 30, 2023	Un-audited June 30, 2022
	(Rupees '000)	
Balances		
Long term investments *	45,285	64,710
Short term borrowing *	71,676	29,871,241
Running finance *	605,056	247,622
Balances receivable - unsecured *	362,543	362,543
Balances payable - unsecured *	71,862,227	68,537,591
KEY MANAGEMENT PERSONNEL		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2023: 1 and 539 (2022:1 and 430) respectively	3,349,766	2,628,556
STAFF RETIREMENT BENEFITS		
Contributions		
Employees' Provident Fund Trust	291,611	247,222
Employees' Gratuity Fund Trust	266,333	253,339
Employees' Pension Fund Trust	-	148,611
Employees' Funds as Dividend on equity holding of 0.25% (2022: 0.25%)	19,795	26,242
Balances		
Payable to Gratuity Fund Trust *	526,459	659,625
Receivable from Pension Fund Trust *	763,947	759,001

* Comparative audited figures of receivable / payable balances are as at December 31, 2022.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited)

For the six month period ended June 30, 2023

17. OPERATING SEGMENTS

These condensed interim financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company is disclosed in note 13 to the condensed interim financial statements.

18. INTEREST IN JOINT ARRANGEMENTS

In 2022, the Company, Engro Fertilizer Company Limited (EFERT) and Fatima Fertilizer Company Limited (FATIMA) entered into a Framework Agreement (the Agreement) for Gas Pressure Enhancement Facilities (PEF) project dated November 30, 2022. Under the Agreement, the Company, EFERT and FATIMA have decided to jointly develop and install pressure enhancement facilities at the MPCL's delivery node to sustain the current level of pressure of gas supply from HRL reservoir of Mari Petroleum Company Limited (MPCL). The Company has classified this arrangement as a joint operation. Current cost sharing percentages in PEF of the Company, EFERT and FATIMA are 47.7%, 33.9% and 18.4%, respectively. The Company has recognised its share of jointly held assets and liabilities of the joint operation under the appropriate heads and disclosed the same in the related notes to these condensed interim financial statements.

19. NON ADJUSTING EVENTS AFTER REPORTING DATE

- 19.1** The Board of Directors of the Company in its meeting held on July 25, 2023 proposed second interim dividend of Rs 3.15 per share.

20. GENERAL

- 20.1** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 20.2** These condensed interim financial statements have been authorized for issue by the Board of Directors of the Company on July 25, 2023.


Chairman

Chief Executive Officer

Director

Chief Financial Officer



Condensed Interim Financial Statements



CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
		(Rupees '000)	
EQUITY AND LIABILITIES			
EQUITY & RESERVES			
Share capital	4	12,722,382	12,722,382
Capital reserves		13,861,836	10,404,430
Revenue reserves			
General reserves		8,802,360	8,802,360
Unappropriated profit		97,606,491	87,129,413
		106,408,851	95,931,773
Deficit on remeasurement of investments to fair value - net		(5,492,877)	(1,791,255)
Non-controlling interest		3,301,827	2,848,187
		130,802,019	120,115,517
Share in revaluation reserve of associates - net		3,549,060	1,430,348
NON - CURRENT LIABILITIES			
Long term borrowings - secured	5	14,608,075	17,821,360
Lease liabilities		61,986	86,933
Deferred government grant		118,584	136,851
Gas Infrastructure Development Cess (GIDC) payable	6	1,154,841	7,940,534
Deferred liabilities		12,748,056	10,388,531
		28,691,542	36,374,209
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	5	6,618,303	6,702,578
Current portion of lease liabilities		2,386,181	3,687,205
Current portion of deferred government grant		37,352	38,438
Trade and other payables		103,489,626	92,159,106
Mark-up and profit accrued		1,423,503	1,556,279
Short term borrowings - secured	7	4,709,393	58,812,649
Unclaimed dividend		514,198	478,676
Taxation		10,936,448	6,563,617
		130,115,004	169,998,548
TOTAL LIABILITIES		158,806,546	206,372,757
TOTAL EQUITY AND LIABILITIES		293,157,625	327,918,622
CONTINGENCIES AND COMMITMENTS			
	8		

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

Note	Un-audited June 30, 2023	Audited December 31, 2022
	(Rupees '000)	

ASSETS
NON - CURRENT ASSETS

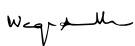
Property, plant and equipment	9	62,710,736	57,922,335
Intangible assets		1,936,621	1,936,471
Long term investments	10	93,862,510	83,787,839
Long term loans and advances - secured		4,915,598	4,555,580
Long term deposits and prepayments		30,688	30,638
		163,456,153	148,232,863

CURRENT ASSETS

Stores, spares and loose tools		7,660,708	6,558,678
Stock in trade		11,749,164	20,116,730
Trade debts		16,136,476	12,827,643
Loans and advances		1,382,031	1,347,334
Deposits and prepayments		163,524	305,823
Other receivables	11	28,383,413	28,772,312
Short term investments	12	60,923,049	107,755,999
Cash and bank balances		3,303,107	2,001,240
		129,701,472	179,585,759

TOTAL ASSETS

		293,157,625	327,918,622
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Chairman

Chief Executive Officer

Director

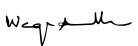
Chief Financial Officer

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

For the six month period ended June 30, 2023

	Note	Three month period ended		Six month period ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
		(Rupees '000)		(Rupees '000)	
Turnover - net	13	42,829,675	33,535,282	82,518,347	62,061,227
Cost of sales		(20,617,769)	(18,108,075)	(44,561,574)	(36,464,282)
GROSS PROFIT		22,211,906	15,427,207	37,956,773	25,596,945
Administrative and distribution expenses		(3,109,913)	(2,394,799)	(6,456,648)	(4,752,796)
		19,101,993	13,032,408	31,500,125	20,844,149
Finance cost		(1,556,229)	(1,187,368)	(3,294,046)	(2,476,228)
Other losses					
-Unwinding of remeasurement gain on GIDC liability		(321,668)	(645,015)	(704,282)	(1,174,764)
- Loss allowance on subsidy receivable from GoP		(300,000)	(350,000)	(500,000)	(350,000)
		(621,668)	(995,015)	(1,204,282)	(1,524,764)
Other expenses		(1,184,870)	(928,757)	(2,258,230)	(1,661,774)
		15,739,226	9,921,268	24,743,567	15,181,383
Other income		3,011,758	3,038,143	6,836,772	5,406,407
Share of profit of associates and joint venture		2,834,275	2,401,703	2,574,237	6,014,552
PROFIT BEFORE TAX		21,585,259	15,361,114	34,154,576	26,602,342
Provision for taxation		(9,148,057)	(8,576,172)	(13,385,121)	(11,222,616)
PROFIT FOR THE PERIOD		12,437,202	6,784,942	20,769,455	15,379,726
ATTRIBUTABLE TO:					
Equity Holders of Fauji Fertilizer Company Limited		12,059,604	6,533,736	20,315,815	15,085,262
Non - Controlling Interest		377,598	251,206	453,640	294,464
		12,437,202	6,784,942	20,769,455	15,379,726
Earnings per share - basic and diluted (Rupees)		9.48	5.14	15.97	11.86

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


Chairman

Chief Executive Officer

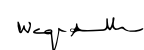
Director

Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
For the six month period ended June 30, 2023

	Three month period ended		Six month period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees '000)		(Rupees '000)	
PROFIT FOR THE PERIOD	12,437,202	6,784,942	20,769,455	15,379,726
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss				
Surplus / (deficit) on re-measurement of investments to fair value - net of tax	24,907	(70,029)	(90,242)	(129,089)
Share of equity accounted investees - share of OCI, net of tax	(1,729,885)	(514,488)	(586,109)	(1,687,853)
	(1,704,978)	(584,517)	(676,351)	(1,816,942)
Items that will not be subsequently reclassified to profit or loss				
Equity accounted investees - share of OCI, net of tax	(10,274)	-	20,683	(6,795)
Comprehensive income taken to equity	10,721,950	6,200,425	20,113,787	13,555,989
Comprehensive income not recognised in equity				
Items that may be subsequently reclassified to profit or loss				
Share in revaluation reserve of associates - net of tax	2,083,610	-	2,118,712	92,201
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	12,805,560	6,200,425	22,232,499	13,648,190

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



Chairman



Chief Executive Officer



Director



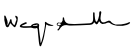
Chief Financial Officer

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

For the six month period ended June 30, 2023

	Capital reserves			Revenue reserves			(Deficit) on remeasurement of investments to fair value - net	Non - Controlling Interest	Total
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Statutory reserve	General reserve			
						(Rupees '000)			
Balance as at January 1, 2022 (Audited)	12,722,382	40,000	120,000	3,221,252	4,810,818	8,802,360	66,706,905	2,094,240	98,421,394
Total comprehensive income									
Profit for the period	-	-	-	-	-	-	15,085,262	294,464	15,379,726
Other comprehensive (loss) - net of tax	-	-	-	284,795	-	-	(6,795)	-	(1,823,737)
	-	-	-	284,795	-	-	15,078,467	-	13,555,989
Transactions with owners of the Company									
Distributions:									
Final dividend 2021: Rs 4.65 per share	-	-	-	-	-	-	(5,915,908)	-	(5,915,908)
First interim dividend 2022: Rs 3.70 per share	-	-	-	-	-	-	(4,707,282)	-	(4,707,282)
	-	-	-	-	-	-	(10,623,190)	-	(10,623,190)
FWEI-I dividends to non-controlling interest holders									
interim dividend 2022: Rs 1.98 per share	-	-	-	-	-	-	-	(140,000)	(140,000)
Other changes in equity									
Transfer to statutory reserve	-	-	-	-	506,513	-	(506,513)	-	-
Balance as at June 30, 2022 (Un-Audited)	12,722,382	40,000	120,000	3,506,047	5,317,331	8,802,360	70,655,699	2,248,704	101,214,193
Balance at January 1, 2023 (Audited)	12,722,382	40,000	120,000	4,532,385	5,712,045	8,802,360	87,129,413	2,848,187	120,115,517
Total comprehensive income									
Profit for the period	-	-	-	-	-	-	20,315,815	453,640	20,769,455
Other comprehensive income / (loss) - net of tax	-	-	-	3,025,271	-	-	20,683	-	(655,668)
	-	-	-	3,025,271	-	-	20,336,498	453,640	20,113,787
Transactions with owners of the Company									
Distributions:									
FFC dividends:									
Final dividend 2022: Rs 3.15 per share	-	-	-	-	-	-	(4,007,550)	-	(4,007,550)
First interim dividend 2022: Rs 4.26 per share	-	-	-	-	-	-	(5,419,735)	-	(5,419,735)
	-	-	-	-	-	-	(9,427,285)	-	(9,427,285)
Other changes in equity									
Transfer to statutory reserve	-	-	-	-	432,135	-	(432,135)	-	-
Balance as at June 30, 2023 (Un-Audited)	12,722,382	40,000	120,000	7,557,656	6,144,180	8,802,360	97,606,491	3,301,827	130,802,019

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


Chairman


Chief Executive Officer


Director

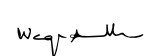

Chief Financial Officer

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

For the six month period ended June 30, 2023

	Note	June 30, 2023	June 30, 2022
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	42,656,525	26,894,389
Finance cost paid		(3,426,822)	(2,258,300)
Income tax paid		(7,170,526)	(4,849,477)
		(10,597,348)	(7,107,777)
Net cash generated from operating activities		32,059,177	19,786,612
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(6,389,100)	(2,273,057)
Proceeds from sale of property, plant and equipment		14,342	61,944
Investment in Thar Energy Limited		(4,650,000)	(907,524)
Advance against issue of shares in Thar Energy Limited		(226,908)	(338,250)
Other investments - net		(4,383,914)	1,124,003
Interest and profit received		1,007,296	569,077
Net cash used in investing activities		(14,628,284)	(1,763,807)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing:			
Draw-downs		19,353	306,701
Repayments		(3,317,097)	(3,791,110)
Repayment of lease liabilities		(2,302,376)	(1,572,470)
Dividend paid		(9,391,763)	(10,742,770)
Net cash used in financing activities		(14,991,883)	(15,799,649)
Net increase in cash and cash equivalents		2,439,010	2,223,156
Cash and cash equivalents at beginning of the period		46,933,653	57,704,815
Effect of exchange rate changes		967,590	429,484
Cash and cash equivalents at end of the period		50,340,253	60,357,455
CASH AND CASH EQUIVALENTS			
Cash and bank balances		3,303,107	14,676,232
Short term borrowings - secured		(4,709,393)	(46,618,792)
Short term highly liquid investments		51,746,539	92,300,015
		50,340,253	60,357,455

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



Chairman



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

1. THE GROUP AND ITS OPERATIONS

- 1.1** Fauji Fertilizer Company Limited (the Group) comprises of Fauji Fertilizer Company Limited (FFC) and its subsidiaries, FFC Energy Limited (FFCEL), Fauji Fresh n Freeze Limited (FFF), Foundation Wind Energy - I Limited (FWEL-I) and Foundation Wind Energy - II Limited (FWEL-II) 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 chemical, other manufacturing 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 fruits, vegetables, fresh meat, frozen cooked and semi cooked food. FWEL-I and FWEL-II individually operate setups of 50MW wind energy power projects. 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, 2022. Comparative figures of condensed interim statement of financial position is extracted from audited consolidated financial statements as at December 31, 2022 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, 2022.

- 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, 2022.

4. SHARE CAPITAL**AUTHORISED SHARE CAPITAL**

This represents 1,500,000,000 (2022: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2022: Rs 15,000,000 thousand).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited June 30, 2023	Audited December 31, 2022	Note	Un-audited June 30, 2023	Audited December 31, 2022
(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, 2022: 44.35%) ordinary shares of the Company as at the period end.

5. LONG TERM BORROWINGS - SECURED

From conventional banks

Fauji Fertilizer Company Limited	5.1	10,017,500	11,740,000
Fauji Fresh n Freeze Limited	5.2	1,783,925	1,888,322
Foundation Wind Energy - I Limited (FWEL - I)	5.3	218,818	464,926
Foundation Wind Energy - II Limited (FWEL - II)	5.4	206,135	430,690

From Islamic banks

Fauji Fertilizer Company Limited	5.5	9,000,000	10,000,000
		21,226,378	24,523,938

Less: Current portion shown under current liabilities

From conventional banks	4,368,303	4,702,578
From Islamic banks	2,250,000	2,000,000
	6,618,303	6,702,578
	14,608,075	17,821,360

5.1 Movement during the period / year is as follows:

Opening balance	11,740,000	10,785,000
Draw-downs during the period / year	-	3,000,000
Repayments during the period / year	(1,722,500)	(2,045,000)
Closing balance	10,017,500	11,740,000

- 5.1.1 These 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 + 0.05% to 0.25% per annum (December 31, 2022: 6 month KIBOR + 0.05% to 0.25% per annum) and are repayable up to December 2027 (December 31, 2022: December 2027).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

Un-audited June 30, 2023	Audited December 31, 2022
(Rupees '000)	

5.2 Movement during the period / year is as follows:

Opening balance	1,888,322	1,607,112
Draw-downs during the period / year	19,353	344,364
Repayments during the period / year	(123,750)	(63,154)
Closing balance	1,783,925	1,888,322

5.2.1 These 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 profit rates ranging between 6 month KIBOR + 0.00% to 0.10% per annum (December 31, 2022: 6 month KIBOR + 0.00% to 0.10% per annum) and are repayable up to September 2027 (December 31, 2022: September 2027).

Un-audited June 30, 2023	Audited December 31, 2022
(Rupees '000)	

5.3 Movement during the period / year is as follows:

Opening balance	465,402	465,402
Repayments during the period / year	(247,332)	-
	218,070	465,402
Less: Transaction cost -		
Initial transaction cost	(476)	(4,481)
Amortized during the period / year	476	4,005
	-	(476)
Accrued markup	748	-
Closing balance	218,818	464,926

5.3.1 This represents the Musharka Finance Facility of Rs. 3,000 million (December 31, 2022: Rs. 3,000 million) which has been arranged from a consortium of three banks comprising of National Bank of Pakistan, Faysal Bank Limited and United Bank Limited with participation of Rs. 1,000 million each. This facility has been arranged to meet the remaining debt finance requirements for the project cost as stated above. The rate of markup is six months KIBOR plus 2.95%. The facility is repayable in 19 semi-annual installments, the first such payment commencing on January 1, 2015 and then on rental payment date (each January 1 and July 1) until and including the final maturity date on January 1, 2024.

The facility is secured by first pari passu hypothecation charge on all of present and future, fixed and current, tangible and intangible undertakings and properties of the Company (excluding the mortgaged immovable properties as defined in the memorandum of deposit of title deeds, the Security Accounts (including the amounts deposited therein) and the Company LC account (including the amounts deposited therein)) for an amount of Rs. 4,000 million in favour of United Bank Limited being the Security Trustee of the Company, first exclusive assignment over receivable, pledge of share, lien on project accounts and all other secured obligations owed to local secured lenders.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

	Un-audited June 30, 2023	Audited December 31, 2022
5.4 Movement during the period / year is as follows:	(Rupees '000)	
Opening balance	430,398	430,398
Repayments during the period / year	(224,968)	-
	205,430	430,398
Less: Transaction cost -		
Initial transaction cost	292	(2,690)
Amortized during the period / year	(292)	2,982
	-	292
	705	-
Accrued markup	206,135	430,690

- 5.4.1** This represents the Musharka Finance Facility of Rs. 3,000 million (2022: Rs 3,000 million) which has been arranged from a consortium of three banks comprising of National Bank of Pakistan, Allied Bank Limited and Meezan Bank Limited with participation of Rs. 1,000 million each. This facility has been arranged to meet the remaining debt finance requirements for the project cost as stated above. The rate of markup is six months KIBOR plus 2.95%. The facility is now repayable in 19 semi-annual installments, the first such payment commencing on January 1, 2015 and then on rental payment date (each January 1 and July 1) until and including the final maturity date on January 1, 2024.

The facility is secured by first pari passu hypothecation charge on all of present and future, fixed and current, tangible and intangible undertakings and properties of the Company (excluding the mortgaged immovable properties as defined in the memorandum of deposit of title deeds, the Security Accounts (including the amounts deposited therein) and the Company LC account (including the amounts deposited therein)) for an amount of Rs. 4,000 million in favour of Allied Bank Limited being the Security Trustee of the Company, first exclusive assignment over receivable, pledge of share, lien on project accounts and all other secured obligations owed to local secured lenders.

	Un-audited June 30, 2023	Audited December 31, 2022
5.5 Movement during the period / year is as follows:	(Rupees '000)	
Opening balance	10,000,000	8,000,000
Draw-downs during the period / year	-	2,000,000
Repayments during the period / year	(1,000,000)	-
Closing balance	9,000,000	10,000,000

- 5.5.1** These 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 profit rates ranging between 6 month KIBOR + 0.00% to 0.10% per annum (December 31, 2022: 6 month KIBOR + 0.00% to 0.10% per annum) and are repayable up to September 2027 (December 31, 2022: September 2027).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

	Un-audited June 30, 2023	Audited December 31, 2022
6. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE	(Rupees '000)	
Balance at the beginning	61,276,887	59,158,374
Unwinding of remeasurement gain on GIDC liability	704,282	2,118,513
	61,981,169	61,276,887
Less: Current portion of GIDC payable - note 6.1	(60,826,328)	(53,336,353)
Long-term portion of GIDC payable	1,154,841	7,940,534

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 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 (GoP) 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 (MPCL) (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. The current and non-current portion of the GIDC liability has been segregated in the condensed interim statement of financial position in accordance with the 48 months recovery of installments.

On September 9, 2021, Ministry of Energy (MoE), GoP had written a letter to gas suppliers including Mari Petroleum Company Limited (MPCL), the supplier of gas to the Company, stating that they have sought clarification in respect of 48 monthly installments. Therefore, pending stated clarification, the instructions earlier conveyed as in letter dated August 19, 2020 (i.e. 24 month installments) shall remain in the field. During the period, on May 30, 2023, MoE, GoP has again written a letter to gas companies including MPCL, advising them to recover GIDC arrears in 48 monthly installments instead of 24 monthly installments. As the Company had already been accounting for GIDC liability based on 48 monthly installments, hence, no adjustments in this respect are required in these condensed interim financial statements.

During the period, no payments were made by the Company on account of GIDC on account of stay granted by Sindh High Court. Further, the Company has also contested and not accounted for late payment surcharge in these condensed interim financial statements, on GIDC payments against recovery stay granted by Sindh High Court.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

	Un-audited June 30, 2023	Audited December 31, 2022
	(Rupees '000)	
7 SHORT TERM BORROWINGS - SECURED		
From conventional banks	1,192,071	52,809,480
From Islamic banks	3,517,322	6,003,169
	4,709,393	58,812,649
8 CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies:		
i) Guarantees issued by banks on behalf of the Group companies	10,792,936	6,762,374
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	19,424,568	28,254,374
iv) Group's share of contingencies in Fauji Cement Company Limited as at March 31, 2023 (2022: September 30, 2022)	198,498	181,574
v) Group's share of contingencies in Askari Bank Limited as at March 31, 2023 (2022: September 30, 2022)	309,293,966	119,086,167
vi) The Company has issued corporate bank guarantees and letters of comfort in favour of its subsidiary i.e. Fauji Fresh n Freeze Limited amounting to Rs 3,262,732 thousand (December 31, 2022: Rs 3,445,000 thousand).		
vii) 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, in prior periods, CCP under the said Tribunal guidelines resumed the proceedings and the Company duly joined these proceedings through counsel. The Company filed writ petition before Islamabad High Court which was disposed of, directing CCP to proceed with regular hearings. CCP is yet to initiate its proceedings and the Company is awaiting hearing notice. The Company remains confident of successfully defending these unreasonable claims.		
	Un-audited June 30, 2023	Audited December 31, 2022
	(Rupees '000)	
8.2 Commitments in respect of:		
i) Capital expenditure commitments (including share of commitments amounting to Rs 1,829,732 thousand (December 31, 2022:Rs 4,881,728 thousand) relating to PEF joint operations.	3,438,943	3,408,551
ii) Purchase of fertilizer, stores, spares and other operational items	4,754,359	4,044,711
iii) Investment in Thar Energy Limited	91,872	1,285,618
iv) Contracted out services	944,938	271,742
v) Commitments in respect of rentals under land sub-lease agreement and Letter of credit	36,101	38,617
vi) Group's share of commitments of Fauji Fertilizer Bin Qasim Limited	13,123,813	654,479
vii) Group's share of commitments of Fauji Cement Company Limited as at March 31, 2023 (2022: September 30, 2022)	1,650,020	2,952
viii) Group's share of commitments of Askari Bank Limited as at March 31, 2023 (2022: September 30, 2022)	247,855,842	170,921,643

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
		(Rupees '000)	
ix) Group's share of commitments of PMP as at March 31, 2023 (2022: September 30, 2022)		37,102	43,349
x) Group's share of commitments of TEL as at March 31, 2023 (2022: September 30, 2022)		1,247,460	6,188,949
xi) Arrangement with SNGPL for pipeline for supply of RLNG		560,000	-
9. PROPERTY PLANT AND EQUIPMENT			
Operating fixed assets	9.1	41,108,472	41,473,957
Capital work in progress	9.2	6,645,258	2,461,172
Right of use assets	9.3	14,957,006	13,987,206
		62,710,736	57,922,335
9.1 Operating fixed assets			
Opening written down value		41,473,957	38,200,331
Additions during the period / year		2,202,290	7,234,007
Written down value of disposals / adjustments		(5)	(12,661)
Depreciation during the period / year		(2,567,770)	(3,947,720)
		41,108,472	41,473,957
9.1.1 Additions in and depreciation on operating fixed assets during the six month period ended June 30, 2022 were Rs 1,736,763 thousand and Rs 1,273,260 thousand respectively.			
		Un-audited June 30, 2023	Audited December 31, 2022
		(Rupees '000)	
9.2 Capital work in progress			
Opening value		2,461,172	3,072,404
Additions during the period / year		4,577,887	3,492,333
Transfers during the period / year		(393,801)	(4,103,565)
		6,645,258	2,461,172
9.3 Right of use assets			
Opening value		13,987,206	13,684,932
Exchange loss - net		976,405	1,413,957
Depreciation during the period / year		(6,605)	(1,111,683)
		14,957,006	13,987,206
9.4 Depreciation charge has been allocated as follows:			
Cost of sales		2,495,969	4,882,763
Administrative and distribution expenses		72,584	161,267
Other expenses		555	2,108
Charged to FFBL under the Company Services Agreement		5,267	13,265
		2,574,375	5,059,403

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
		(Rupees '000)	
10. LONG TERM INVESTMENTS			
Equity accounted investments	10.1	89,504,264	79,049,343
Other long term investments	10.2	4,358,246	4,738,496
		93,862,510	83,787,839
10.1 Equity accounted investments			
Investment in associated companies - under equity method			
Fauji Cement Company Limited			
Balance at the beginning		3,085,305	2,441,515
Share of profit for the period / year		199,610	314,154
Gain on dilution of interest		-	329,636
		3,284,915	3,085,305
Fauji Fertilizer Bin Qasim Limited			
Balance at the beginning		32,621,347	28,503,794
Share of (loss) / profit for the period / year		(1,617,829)	3,815,473
Share of OCI for the period / year		1,659,176	302,080
		32,662,694	32,621,347
Fauji Foods Limited	10.3		
Balance at the beginning		-	-
Investment during the period / year		4,650,000	-
Share of profit for the period / year		1,429	-
		4,651,429	-
Askari Bank Limited	10.4		
Balance at the beginning		31,594,433	26,691,561
Share of profit for the period / year		3,461,855	5,917,459
Share of OCI for the period / year		(1,478,862)	(1,014,587)
		33,577,426	31,594,433
Thar Energy Limited			
Balance at the beginning		5,730,558	3,552,457
Investment during the period / year		931,300	1,245,742
Advance against issue of shares		226,908	931,300
Share of profit for the period / year		1,336,503	660
Share of OCI for the period / year		-	399
		8,225,269	5,730,558
Investment in joint venture - under equity method			
Pakistan Maroc Phosphore S.A., Morocco			
Balance at the beginning		6,017,700	4,462,290
Share of (loss) / profit for the period / year		(805,902)	2,392,508
Gain on translation of net assets		1,890,733	512,321
Dividend received		-	(1,349,419)
		7,102,531	6,017,700
		89,504,264	79,049,343

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

	Note	Un-audited June 30, 2023	Audited December 31, 2022
		(Rupees '000)	
10.2 Other long term investments			
Investment at fair value through other comprehensive income			
Term Deposit Receipts - from conventional bank		45,285	64,710
Term Finance Certificate - from conventional bank		489,005	485,029
Pakistan Investment Bonds		4,430,820	4,574,399
		4,965,110	5,124,138
Less: Current portion shown under short term investments			
Investment at fair value through other comprehensive income			
Term Deposit Receipts - from conventional bank		44,945	27,070
Bank Alfalah Term Finance Certificates		189,005	-
Pakistan Investment Bonds		372,914	358,572
	12	606,864	385,642
		4,358,246	4,738,496

10.3 During the period, FFC Energy Limited (FFCEL) made an investment in 465,000 thousand fully paid ordinary shares of Rs 10 each in the share capital of Fauji Foods Limited (FFL), by acquiring 465,000,000 ordinary shares at par value of Rs 10 per share giving the Company an ownership of 18.45%. FFL is incorporated in Pakistan and listed on Pakistan Stock Exchange (PSX) and engaged in the processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products.

10.4 During the period, AKBL in its annual general meeting, shareholders approved bonus shares at the rate of 15% (of the face value of ordinary share capital), increasing its paid-up capital to 1,449,299,207 ordinary shares. Accordingly, number of shares held by the Holding Company have increased from 543,768,024 shares to 679,710,030 ordinary shares with no change in percentage holding (43.15%).

11. OTHER RECEIVABLES

Other receivables include Rs 6,961,878 thousand (December 31, 2022: Rs 6,961,878 thousand) on account of subsidy receivable and Rs 18,474,405 thousand (December 31, 2022: Rs 18,421,786 thousand) on account of sales tax receivable from the Government.

	Note	Un-audited June 30, 2023	Audited December 31, 2022
		(Rupees '000)	
12. SHORT TERM INVESTMENTS			
Amortized cost - conventional instruments			
Foreign currency		4,839,315	3,625,295
		4,839,315	3,625,295
Investments at fair value through profit or loss			
Conventional investments		46,478,185	100,608,222
Shariah compliant investments		8,998,685	3,136,840
		55,476,870	103,745,062
Current maturity of long term investments			
Investments measured at fair value through			
Fair value through other comprehensive income	11	606,864	385,642
		60,923,049	107,755,999

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2023

	Three month period ended		Six month period ended	
	Un-audited June 30, 2023	Un-audited June 30, 2022	Un-audited June 30, 2023	Un-audited June 30, 2022
	(Rupees '000)		(Rupees '000)	
13. TURNOVER - NET				
Fertilizer	35,591,278	28,979,044	72,016,760	55,839,406
Power	6,663,113	5,199,142	8,743,125	6,940,279
Food	1,536,394	721,513	3,158,743	1,476,842
Technical Services	56,505	10,641	97,616	12,594
	43,847,290	34,910,340	84,016,244	64,269,121
Sales Tax	(889,821)	(1,325,735)	(1,299,386)	(2,112,128)
Trade Discount	(127,794)	(49,323)	(198,511)	(95,766)
	(1,017,615)	(1,375,058)	(1,497,897)	(2,207,894)
	42,829,675	33,535,282	82,518,347	62,061,227

14. SEGMENT INFORMATION

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

	Reportable segments				
	Fertilizers*	Power	Food	Technical Services	Total
	(Rupees '000)				
June 30, 2023 (Un-audited)					
Assets					
Segment assets (Total)	143,327,762	52,935,618	7,272,360	117,621	203,653,361
Equity accounted investees	89,504,264	-	-	-	89,504,264
Liabilities					
Segment liabilities (Total)	147,951,946	5,062,302	5,758,590	33,708	158,806,546
Capital expenditure	6,251,344	25,933	109,099	-	6,386,376
Depreciation	1,209,824	1,154,723	209,722	106	2,574,375

December 31, 2022 (Audited)

Assets					
Segment assets (Total)	240,122,007	48,840,260	4,969,283	47,768	293,979,318
Equity accounted investees	79,049,343	-	-	-	79,049,343
Liabilities					
Segment liabilities (Total)	196,193,149	6,719,830	3,448,964	10,814	206,372,757
Capital expenditure	6,069,079	64,279	1,384,038	753	7,518,149
Depreciation	2,451,643	2,245,715	361,888	157	5,059,403

* net of consolidated adjustments / eliminations

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

For the six month period ended June 30, 2023

	June 30, 2023	June 30, 2022
	(Rupees '000)	
15. CASH GENERATED FROM OPERATIONS		
Profit before tax	34,154,576	26,602,342
Adjustments for:		
Unwinding of GIDC liability	704,282	1,174,764
Loss allowance on subsidy receivable from GoP	500,000	350,000
Depreciation	2,569,108	2,422,613
Amortization	2,574	2,341
Amortization of transaction cost	184	3,918
Finance cost	3,294,046	2,476,228
Provision for slow moving spares	26,062	17,197
Provision for stock in trade	798,208	-
Gain on disposal of operating fixed assets	(14,337)	(53,981)
Interest and profit on loans, deposits and investments	(965,732)	(630,212)
Amortization of Government grant	(19,353)	(45,537)
Exchange gain - net	(967,590)	(429,484)
Share of profit of associated companies and joint venture	(2,574,237)	(6,014,552)
(Gain) / loss on remeasurement of investments at fair value through profit or loss	(1,424,380)	176,695
	1,928,835	(550,010)
	36,083,411	26,052,332
Changes in:		
Stores and spares	(1,128,092)	(1,499,669)
Stock in trade	7,569,358	(12,249,181)
Trade debts	(3,308,833)	(2,191,865)
Loans and advances	(34,697)	(279,285)
Deposits and prepayments	142,299	(239,027)
Other receivables	(147,398)	(1,418,498)
Trade and other payables	3,840,545	19,646,895
	6,933,182	1,769,370
Changes in long term loans and advances	(360,018)	(980,188)
Changes in long term deposits and prepayments	(50)	1,422
Changes in deferred liabilities	-	51,453
	42,656,525	26,894,389

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, 2022. 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, 2022.

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, 2023

	June 30, 2023	June 30, 2022
17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES	(Rupees '000)	
Significant transactions and balances with the related parties are as follows:		
HOLDING COMPANY		
Transactions		
Dividend paid	4,181,001	4,711,385
Cost recharge	375,000	120,768
Sale of fertilizer	-	2,199
Others	534	60
Balances		
Balance receivable - unsecured *	-	12,079
Balance payable - unsecured *	188,775	60,000
ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	546,040	531,335
Commission on sale of products	9,240	11,438
Sale of fertilizer	130,950	-
Payment under consignment account - net	68,681,002	62,366,379
Payments against purchase of gas as feed and fuel stock	16,260,497	16,504,392
Equity investment	931,300	907,524
Advance against issue of shares	226,908	338,250
Services and materials provided	40,148	3,169
Services and materials received	-	441
Donation	867,602	311,208
Interest expense	216,520	209,166
Interest income	23,465	18,365
Dividend income	-	1,255,538
Balances		
Dividend receivable *	-	1,255,538
Long term investment *	45,285	106,994
Long term borrowing *	485,929	480,056
Short term borrowings *	-	12,136,606
Bank balance *	198,832	118,632
Running finance *	605,056	157,618
Balance receivable - unsecured *	362,543	362,031
Balance payable - unsecured *	71,862,227	72,609,659

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
For the six month period ended June 30, 2023

	June 30, 2023	June 30, 2022
	(Rupees '000)	
Key management personnel		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2023: 1 and 552 (2022: 2 and 445) respectively	3,443,532	2,720,497
STAFF RETIREMENT BENEFITS		
Contributions		
Employees' Provident Fund Trust	301,178	252,626
Employees' Gratuity Fund Trust	268,337	262,075
Employees' Pension Fund Trust	-	148,611
Employees' Funds as Dividend on equity holding of 0.25% (2022: 0.25%)	19,795	26,242
Balances		
Payable to Gratuity Fund Trust *	529,931	628,551
Balance payable to staff benefit Provident Fund Trust *	724	-
(Receivable from) / Payable to Pension Fund Trust *	(763,947)	248,725

* Comparative figures of receivable / payable balances are as of December 31, 2022.

18. INTEREST IN JOINT ARRANGEMENTS

In 2022, the Company, Engro Fertilizer Company Limited (EFERT) and Fatima Fertilizer Company Limited (FATIMA) entered into a Framework Agreement (the Agreement) for Gas Pressure Enhancement Facilities (PEF) project dated November 30, 2022. Under the Agreement, the Company, EFERT and FATIMA have decided to jointly develop and install pressure enhancement facilities at the MPCL's delivery node to sustain the current level of pressure of gas supply from HRL reservoir of Mari Petroleum Company Limited (MPCL). The Company has classified this arrangement as a joint operation. Current cost sharing percentages in PEF of the Company, EFERT and FATIMA are 47.7%, 33.9% and 18.4%, respectively. The Company has recognised its share of jointly held assets and liabilities of the joint operation under the appropriate heads and disclosed the same in the related notes to these condensed interim financial statements.

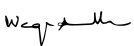
19. NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors of FFC in its meeting held on July 25, 2023 proposed second interim dividend of Rs 3.15 per share.

20. GENERAL

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

20.2 These condensed interim consolidated financial statements have been authorized for issue by the Board of Directors of FFC on July 25, 2023.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

SAY NO TO CORRUPTION

If Undelivered please return to:
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Fauji Cement Company Ltd

