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THIRD QUARTER
SEPTEMBER 30, 2020
(UN-AUDITED)

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SAY NO TO CORRUPTION

Company Information

BOARD OF DIRECTORS

Mr. Waqar Ahmed Malik

Chairman

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

Chief Executive & Managing Director

Dr. Nadeem Inayat

Mr. Farhad Shaikh Mohammad

Mr. Saad Amanullah Khan

Ms Maryam Aziz

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

Mr. Qamar Haris Manzoor

Capt. Saeed Ahmad Nawaz (Retd)

Mr. Peter Bruun Jensen

Mr. Riaz Ahmed

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

Mr. Imran Moid

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

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Website: www.ffc.com.pk

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

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



PLANTSITES

Goth Machhi, Sadiqabad

(Distt: Rahim Yar Khan), Pakistan

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

Mirpur Mathelo

(Distt: Ghotki), Pakistan

Tel No. +92-723-661500-09, Fax No. +92-723-661462

MARKETING DIVISION

Lahore Trade Centre, 11 Shahrah-e-Aiwan-e-Tijarat, Lahore, Pakistan

Tel No. +92-42-36369137-40, Fax No. +92-42-36366324

KARACHI OFFICE

B-35, KDA Scheme No. 1, Karachi, Pakistan

Tel No. +92-21-34390115-16, Fax No. +92-21-34390117 & 34390122

AUDITORS

A.F. Ferguson & Co

Chartered Accountants

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

Tel No. +92-51-2273457-60, 2604934-37, Fax No. +92-51-2277924, 2206473

SHARES REGISTRAR

CDC Share Registrar Services Limited

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

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

Directors' Review

For the nine month ended September 30, 2020

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to report net earnings of Rs 13.76 billion for the period under review, registering an increase of 10% over last year.

While ensuring safety and business continuity in these testing times, the Company achieved aggregate Sona Urea production of 1,900 thousand tonnes with a combined operating efficiency of 124%. FFC also attained Sona Urea offtake of 1,838 thousand tonnes as compared to offtake of 1,773 thousand tonnes last year, enabling the Company to capture combined FFC/FFBL Urea market share of 53% compared to 48% last year.

The reduction in GIDC rates by the Government and corresponding decrease in selling prices of urea resulted in aggregate all product turnover of Rs 68.42 billion as compared to Rs 73.02 billion last year. The reduction in GIDC rates also led to decrease in cost of sales. Repair and maintenance cost also remained lower compared to last year as the annual maintenance turnaround of Plants is scheduled in fourth quarter of 2020 as opposed to first quarter of last year.

The transportation and finance costs also reduced due to decrease in fuel prices and decline in borrowing rates. The dividend income however declined from last year owing to lower pay-out by associated companies. The earnings per share of the Company thus stood at Rs 10.82 per share compared to Rs 9.80 per share recorded last year.

With a view to providing sustained returns to our shareholders, the Board is pleased to announce third interim dividend of Rs 2.55 per share, with aggregate distribution of Rs 7.80 per share for the period.

The Shareholders would also be pleased to know that the Company's Annual Report for the year 2019 has once again secured the overall top position in the Best Corporate Report Award Competition held by the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP). FFC's Sustainability Report has also been awarded first place by ICAP/ICMAP in the Sustainability Report category.

In order to reduce debt levels and manage working capital requirements, Fauji Fertilizer Bin Qasim Limited (FFBL) made a right share offer of around 38% of its existing capital at Rs 14 per share. In order to maintain its holding in FFBL, the Board of FFC has recommended subscription of around 178 million shares with a total cash outlay of Rs 2.5 billion. The approval of shareholders is being sought through the Extra Ordinary General Meeting scheduled on November 6, 2020.

Future Outlook

Supreme Court of Pakistan through its judgment announced in August 2020 has declared GIDC Act, 2015 a valid legislation. All gas consumers including the Company were ordered to pay the outstanding GIDC liability to the Government in 24 equal monthly instalments. GIDC was declared payable on the assumption that it has been collected in full from the customers. In this regard, the Company, along with other industries, has filed a review petition before the Supreme Court of Pakistan 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.

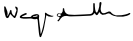
The Company, along with other industry members, also filed a Suit with the Sindh High Court against collection of GIDC instalments, before a factual determination of GIDC pass-on is carried out, and the Sindh High Court has granted a stay against such recovery.

It is pertinent to mention that FFC has been the single largest contributor towards GIDC, with payment of around Rs 73 billion to the Government, despite having absorbed a very large

portion of the GIDC over the years. The Company has also approached the Government to apprise that in case FFC is required to pay the entire GIDC amount in the specified time, this would cause significant financial distress to the Company. FFC would thus be forced to pass on the impact of GIDC. In order to promote the food security in the Country, the Government has been requested to increase the payment term to a longer period of time.

With the help of appropriate planning, the Company has thus far been able to avoid negative impact of COVID-19 and has also achieved its manufacturing, sales and profitability targets while maintaining highest standards of employee health and safety. The COVID-19 cases are on the rise again however, the Company is fully geared to tackle the situation and is taking proactive measures to continue to achieve operational and financial targets.

On behalf of the Board



Waqar Ahmed Malik
Chairman



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

Rawalpindi
October 28, 2020

متوقع مستقبل

سپریم کورٹ آف پاکستان نے اپنے اگست 2020 کے فیصلے میں GIDC Act 2015 کو ایک جائز قانون قرار دیا ہے۔ تمام گیس صارفین، بشمول کمپنی، کو حکم دیا گیا ہے کہ قابل ادا GIDC حکومت کو 24 برابر اقساط میں ادا کریں۔ GIDC کو اس مفروضے کی بنیاد پر قابل ادا قرار دیا گیا تھا کہ یہ محصول گاہوں سے مکمل طور پر وصول کیا جا چکا ہے۔ اس بارے میں، کمپنی نے یورپا کی صنعت کے دیگر اراکین کے ساتھ کر سپریم کورٹ آف پاکستان کے سامنے اس بنیاد پر ایک Review Petition بھی دائر کی ہے کہ اس بات کا تعین کیا جائے کہ دراصل GIDC کے بوجھ کا کتنا حصہ آگے منتقل کیا گیا ہے۔

کمپنی نے صنعت کے دیگر اراکین کے ساتھ مل کر سندھ ہائی کورٹ میں بھی ایک Suit دائر کیا ہے تاکہ GIDC منتقلی کے حقیقی تعین سے پہلے GIDC کی اقساط کی وصولی نہ کی جائے اور سندھ ہائی کورٹ نے اس وصولی کے خلاف ایک Stay Order جاری کر دیا ہے۔

اس بات کا ذکر کرنا بھی اہم ہے کہ FFC حکومت کو 73 ارب روپے کی ادائیگی کے ساتھ GIDC کی مد میں سب سے بڑا معاون رہا ہے، باوجود اس کے کہ سالہا سال تک GIDC کا ایک بڑا حصہ کمپنی نے خود برداشت کیا ہے۔ کمپنی نے حکومت سے رابطہ کر کے اس بات سے بھی آگاہ کیا ہے کہ اگر FFC کو GIDC کی پوری رقم مقررہ مدت کے اندر ادا کرنی پڑ جاتی ہے تو یہ کمپنی کے لیے بڑے مالیاتی بوجھ کا باعث بنے گی۔ چنانچہ، کمپنی GIDC کے اثرات کو آگے منتقل کرنے پر مجبور ہو جائے گی۔ ملک میں غذائی تحفظ کو یقینی بنانے کے لیے حکومت سے درخواست کی گئی ہے کہ ادائیگی کی مدت کو نسبتاً لمبے عرصے کے لیے بڑھا دیا جائے۔

مناسب منصوبہ بندی کے ذریعے، کمپنی نے COVID-19 کے منفی اثرات سے بچاؤ کو ممکن بنانے اور اپنے ملازمین کی صحت اور تحفظ کے بلند ترین معیار کو برقرار رکھنے کے ساتھ ساتھ پیداوار، فروخت اور منافع کے اہداف کو حاصل کرنے میں بھی کامیابی حاصل کی ہے۔ COVID-19 کے کیسز ایک مرتبہ پھر بڑھ رہے ہیں، تاہم، کمپنی صورتحال سے نمٹنے کے لیے پوری طرح تیار ہے اور فعال اقدامات کر رہی ہے تاکہ عملیاتی اور مالیاتی اہداف کے حصول کو جاری رکھا جاسکے۔

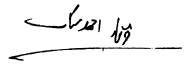
بورڈ کی جانب سے



لیفٹیننٹ جنرل طارق خان

ہلال امتیاز (ملٹری) ریٹائرڈ

چیف ایگزیکٹو مینجنگ ڈائریکٹر



وقار احمد ملک

چیئر مین

راولپنڈی

28 اکتوبر 2020

ڈائریکٹر کا تجزیہ

معزز حصص داران!

ہمیں یہ اطلاع دیتے ہوئے مسرت ہو رہی ہے کہ کمپنی نے زیر جائزہ مدت کے دوران 13.76 بلین روپے کا خالص منافع کمایا ہے جو کہ گزشتہ برس کے مقابلے میں 10 فیصد زائد ہے۔

COVID-19 کے مشکل حالات میں تحفظ اور کاروباری تسلسل کو یقینی بناتے ہوئے کمپنی نے 124 فیصد کی مجموعی پیداواری صلاحیت کے ساتھ یوریا کی 1,900 ہزار ٹن کی مجموعی پیداوار حاصل کی۔ اس کے ساتھ ساتھ FFC نے 1,838 ہزار ٹن یوریا کی فروخت بھی حاصل کی جو کہ گزشتہ برس 1,773 ہزار ٹن تھی، اس طرح کمپنی نے 53 فیصد کا FFC/FFBL کا مشترکہ مارکیٹ شیئر حاصل کیا جو کہ پچھلے سال 48 فیصد تھا۔

حکومت کی طرف سے GIDC کے نرخوں میں کوٹنی اور اس کی مماثلت میں یوریا کی قیمتوں میں کمی کے نتیجے میں کمپنی کو 68.42 ارب روپے کی آمدن حاصل ہوئی جو کہ گزشتہ سال 73.02 ارب روپے تھی۔ GIDC کے نرخوں میں کمی بھی کمپنی کی لاگت فروخت میں کمی کا باعث بنی۔ مرمت اور بحالی کی لاگت بھی گزشتہ سال کے مقابلے میں کم رہی جس کی وجہ پلانٹس کی سالانہ مرمت و بحالی کو سال کی چوتھی سہ ماہی میں شیڈول کرنا ہے جو کہ گزشتہ برس پہلی سہ ماہی میں کی گئی تھی۔

ترسیلی اور مالیاتی لاگتوں میں بھی کمی واقع ہوئی جس کا سبب ایندھن کی قیمتوں اور ادھار کے نرخوں میں کمی تھا۔ تاہم منسلکہ کمپنیوں کی جانب سے منافع منقسمہ میں گزشتہ برس کے مقابلے میں کمی واقع ہوئی۔ اس طرح کمپنی کی فی حصہ آمدن 10.82 روپے فی حصہ رہی جو کہ گزشتہ سال 9.80 روپے فی حصہ ریکارڈ کی گئی تھی۔

حصص داران کے لیے مستقل آمدنی کو برقرار رکھنے کے پیش نظر، بورڈ 2.55 روپے فی حصہ کے تیسرے عبوری منافع منقسمہ کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے اس طرح مجموعی تقسیم 7.80 روپے فی حصہ ہو گئی ہے۔

حصص داران کو یہ جان کر بھی خوشی محسوس ہوگی کہ کمپنی کی سالانہ رپورٹ برائے 2019 نے The Institute of Chartered Accountants of Pakistan (ICAP) اور Institute of Cost and Management Accountants of Pakistan (ICMAP) کی جانب سے منعقدہ Best Corporate Report Award Competition میں ایک مرتبہ پھر پہلی پوزیشن حاصل کی ہے۔ FFC کی Sustainability Report کو بھی ICMAP / ICAP کی طرف سے پہلی پوزیشن دی گئی ہے۔

قرضوں کی سطح میں کمی اور Working Capital کی ضروریات کو پورا کرنے کے لیے، ایف ایف بی ایل نے اپنے موجودہ Capital کا تقریباً 38 فیصد 14 روپے فی حصہ کے حساب سے Right Share کے لیے پیش کیا ہے۔ ایف ایف بی ایل میں اپنی ملکیتی سطح کو برقرار رکھنے کے لیے، FFC کے بورڈ نے 178 بلین شیئرز خریدنے کا فیصلہ کیا ہے جس کیلئے کل خرچ تقریباً 2.5 ارب روپے ہوگا۔ 6 نومبر 2020 کو شیڈول کردہ Extra Ordinary General Meeting میں حصص داران کی منظوری بھی حاصل کی جائے گی۔



Condensed Interim Financial Statements

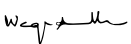
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2020

	Note	Un-audited September 30, 2020	Audited December 31, 2019
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	4	12,722,382	12,722,382
Capital reserves		160,000	160,000
Revenue reserves	5	25,648,235	22,697,960
Surplus / (deficit) on remeasurement of investments at fair value - net		204,760	(13,641)
		38,735,377	35,566,701
NON - CURRENT LIABILITIES			
Long term borrowings - secured	6	8,795,000	6,472,500
Lease liabilities		67,410	62,360
Deferred liabilities		4,525,651	4,412,445
		13,388,061	10,947,305
CURRENT LIABILITIES			
Trade and other payables	7	81,445,111	76,009,303
Mark-up and profit accrued		262,363	676,361
Short term borrowings - secured	8	11,874,681	21,802,953
Unclaimed dividend		474,733	541,447
Current portion of long term borrowings - secured	6	4,155,000	4,711,250
Current portion of lease liabilities		21,401	42,581
Taxation		4,046,470	3,091,959
		102,279,759	106,875,854
TOTAL EQUITY AND LIABILITIES		154,403,197	153,389,860
CONTINGENCIES AND COMMITMENTS			
	9		

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

	Note	Un-audited September 30, 2020	Audited December 31, 2019
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	10	21,970,347	22,212,099
Intangible assets		1,573,141	1,576,796
Long term investments	11	32,998,495	31,087,989
Long term loans and advances - secured		1,828,054	1,200,037
Long term deposits and prepayments		15,428	12,378
		58,385,465	56,089,299
CURRENT ASSETS			
Stores, spares and loose tools		4,681,788	3,810,669
Stock in trade		2,433,367	6,795,374
Trade debts		3,844,253	13,460,069
Loans and advances		768,514	1,795,136
Deposits and prepayments		142,702	50,583
Other receivables	12	18,144,586	17,653,231
Short term investments	13	63,732,208	48,040,470
Cash and bank balances		2,270,314	5,695,029
		96,017,732	97,300,561
TOTAL ASSETS		154,403,197	153,389,860



Chairman



Chief Executive



Director



Chief Financial Officer

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

For the nine month period ended September 30, 2020

	Note	Three month period ended		Nine month period ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
		(Rupees '000)		(Rupees '000)	
Turnover - net	14	24,635,767	26,531,709	68,417,671	73,022,485
Cost of sales		16,364,864	19,706,243	45,257,948	51,389,790
GROSS PROFIT		8,270,903	6,825,466	23,159,723	21,632,695
Distribution cost		1,724,775	2,091,512	5,654,344	5,835,688
		6,546,128	4,733,954	17,505,379	15,797,007
Finance cost		270,939	556,736	1,405,859	1,654,594
Other expenses		628,435	524,610	1,819,294	2,331,167
		5,646,754	3,652,608	14,280,226	11,811,246
Other income		951,327	1,551,589	4,958,074	5,520,709
PROFIT BEFORE TAXATION		6,598,081	5,204,197	19,238,300	17,331,955
Provision for taxation		1,970,000	1,641,000	5,474,000	4,864,000
PROFIT FOR THE PERIOD		4,628,081	3,563,197	13,764,300	12,467,955
Earnings per share - basic and diluted (Rupees)		3.64	2.80	10.82	9.80

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



Chairman



Chief Executive



Director

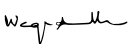


Chief Financial Officer

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

	Three month period ended		Nine month period ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	(Rupees '000)		(Rupees '000)	
PROFIT FOR THE PERIOD	4,628,081	3,563,197	13,764,300	12,467,955
OTHER COMPREHENSIVE INCOME				
Items that are reclassified subsequently to profit or loss				
Surplus / (deficit) on re-measurement of investments to fair value - net	(76,348)	(21,723)	218,401	(53,201)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	4,551,733	3,541,474	13,982,701	12,414,754

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



Chairman



Chief Executive



Director



Chief Financial Officer

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

For the nine month period ended September 30, 2020

	Revenue reserves				Surplus / (deficit) on remeasurement of investments at fair value - net	Total
	Share capital	Capital reserves	General reserves	Unappropriated profit		
				(Rupees '000)		
Balance as at January 1, 2019 (Audited)	12,722,382	160,000	8,802,360	11,720,153	(21,950)	33,382,945
Total comprehensive income						
Profit for the period	-	-	-	12,467,955	-	12,467,955
Other comprehensive loss - net of tax	-	-	-	-	(53,201)	(53,201)
	-	-	-	12,467,955	(53,201)	12,414,754
Transactions with owners of the Company						
Distributions:						
Final dividend 2018: Rs 3.90 per share	-	-	-	(4,961,729)	-	(4,961,729)
First interim dividend 2019: Rs 2.50 per share	-	-	-	(3,180,596)	-	(3,180,596)
Second interim dividend 2019: Rs 2.85 per share	-	-	-	(3,625,879)	-	(3,625,879)
	-	-	-	(11,768,204)	-	(11,768,204)
Balance as at September 30, 2019	12,722,382	160,000	8,802,360	12,419,904	(75,151)	34,029,495
Balance as at January 1, 2020 (Audited)	12,722,382	160,000	8,802,360	13,895,600	(13,641)	35,566,701
Total comprehensive income						
Profit for the period				13,764,300	-	13,764,300
Other comprehensive income - net of tax				-	218,401	218,401
				13,764,300	218,401	13,982,701
Transactions with owners of the Company						
Distributions:						
Final dividend 2019: Rs 3.25 per share				(4,134,774)	-	(4,134,774)
First interim dividend 2020: Rs 2.50 per share				(3,180,596)	-	(3,180,596)
Second interim dividend 2020: Rs 2.75 per share				(3,498,655)	-	(3,498,655)
				(10,814,025)	-	(10,814,025)
Balance as at September 30, 2020	12,722,382	160,000	8,802,360	16,845,875	204,760	38,735,377

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


Chairman

Chief Executive

Director

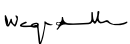
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the nine month period ended September 30, 2020

	Note	September 30, 2020	September 30, 2019
		(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	37,133,314	29,126,623
Finance cost paid		(1,819,857)	(1,423,679)
Income taxes paid		(4,495,489)	(4,826,520)
		(6,315,346)	(6,250,199)
Net cash generated from operating activities		30,817,968	22,876,424
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,472,418)	(1,117,330)
Proceeds from sale of property, plant and equipment		21,068	441,063
Investment in Fauji Fresh n Freeze Limited		(601,866)	-
Investment in Thar Energy Limited		-	(1,329,318)
Other investments - net		367,021	3,428,661
Interest and profit received		837,766	1,603,936
Dividend received		1,151,177	1,900,453
Net cash generated from investing activities		302,748	4,927,465
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing			
Draw-downs		5,400,000	-
Repayments		(3,633,750)	(4,945,366)
Repayment of lease liabilities		(17,165)	(16,844)
Dividend paid		(10,880,739)	(11,870,209)
Net cash used in financing activities		(9,131,654)	(16,832,419)
Net increase in cash and cash equivalents		21,989,062	10,971,470
Cash and cash equivalents at beginning of the period		31,886,368	25,671,431
Effect of exchange rate changes		160,464	255,584
Cash and cash equivalents at end of the period		54,035,894	36,898,485
CASH AND CASH EQUIVALENTS			
Cash and bank balances		2,270,314	842,482
Short term borrowings		(11,874,681)	(12,291,015)
Short term highly liquid investments		63,640,261	48,347,018
		54,035,894	36,898,485

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


Chairman

Chief Executive

Director

Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2020

1. THE COMPANY AND ITS OPERATIONS

Fauji Fertilizer Company Limited (the Company) is a public company incorporated in Pakistan under the Companies Act, 1913, (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at 156 - The Mall, Rawalpindi, Pakistan. The Company is domiciled in Rawalpindi. The principal activity of the Company is manufacturing, purchasing and marketing of fertilizers and chemicals, including investment in other fertilizer, chemical, cement, energy generation, food processing and banking operations.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 The disclosures in these condensed interim financial statements do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements of the Company for the year ended December 31, 2019. Comparative condensed interim statement of financial position is extracted from annual financial statements as at December 31, 2019 whereas comparative condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un-audited condensed interim financial statements of the Company for the nine month period ended September 30, 2019.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim financial statements and financial risk management policy are the same as those applied in preparation of financial statements of the Company for the year ended December 31, 2019.

4. SHARE CAPITAL

AUTHORISED SHARE CAPITAL

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

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2020

			Un-audited September 30, 2020	Audited December 31, 2019
	Note			
		(Rupees '000)		
5. REVENUE RESERVES				
General reserves			8,802,360	8,802,360
Unappropriated profit			16,845,875	13,895,600
			25,648,235	22,697,960
6. LONG TERM BORROWINGS - SECURED				
From conventional banks	6.1		10,837,500	10,833,750
From Islamic banks	6.2		2,112,500	350,000
			12,950,000	11,183,750
Less: Current portion shown under current liabilities				
From conventional banks			4,042,500	4,361,250
From Islamic banks			112,500	350,000
			4,155,000	4,711,250
			8,795,000	6,472,500
6.1 Movement during the period / year is as follows:				
Opening balance			10,833,750	14,425,062
Draw-downs during the period / year			3,400,000	2,600,000
Repayments during the period / year			(3,396,250)	(6,191,312)
Closing balance	6.1.1		10,837,500	10,833,750
6.1.1	The borrowings are secured by way of hypothecation of Company's assets including plant, machinery, tools & spares and other moveable properties, ranking pari passu with each other with 25% margin.			
These carry mark-up ranging between 6 month KIBOR + 0.10% to 0.40% per annum and 3 month KIBOR + 0.15% to 0.40% per annum (December 31, 2019: 6 month KIBOR + 0.10% to 0.40% per annum and 3 month KIBOR + 0.15% to 0.40% per annum) and are repayable up to December 2024 (December 31, 2019: December 2024). The Company availed Rs 2,000,000 thousand under the refinance scheme at mark-up rate from 0.25% to 0.50% (December 31, 2019: Nil).				
			Un-audited September 30, 2020	Audited December 31, 2019
	Note			
6.2 Movement during the period / year is as follows:		(Rupees '000)		
Opening balance			350,000	1,396,429
Draw-downs during the period / year			2,000,000	-
Repayments during the period / year			(237,500)	(1,046,429)
Closing balance	6.2.1		2,112,500	350,000
6.2.1	The borrowings are secured by way of hypothecation of Company's assets including plant, machinery, tools & spares ranking pari passu with each other with 25% margin.			
These carry profit rates ranging between 6 month KIBOR + 0.15% to 0.40% per annum (December 31, 2019: 6 month KIBOR + 0.05% to 0.40% per annum) and are repayable up to May 2025 (December 31, 2019: December 2020).				

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2020

7. TRADE AND OTHER PAYABLES

These include Rs 62,643,423 thousand (December 31, 2019: Rs 61,064,027 thousand) on account of Gas Infrastructure Development Cess (GIDC) payable. Supreme Court of Pakistan (SCP) in its recent judgement dated August 13, 2020 declared GIDC Act as valid legislation. A review petition for factual determination has been filed before the SCP. Additionally, the Company has also been granted with a stay from Sindh High Court against the subject settlement.

	Note	Un-audited September 30, 2020	Audited December 31, 2019
8. SHORT TERM BORROWINGS - SECURED		(Rupees '000)	
From conventional banks	8.1	9,997,344	19,113,608
From Islamic banks	8.2	1,877,337	2,689,345
		11,874,681	21,802,953

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

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

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

The facilities are secured by ranking hypothecation charges on assets of the Company besides lien over PIBs in certain cases. The per annum rates of profit is 1 month KIBOR + Nil% to 0.12% (December 31, 2019: 3 month KIBOR + 0.05% to 0.12%).

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

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies:

- | | | |
|--|------------------|-----------|
| (i) Guarantees issued by banks on behalf of the Company | 5,094,844 | 3,994,314 |
| (ii) Claims against the Company and / or potential exposure not acknowledged as debt | 50,696 | 50,696 |
- (iii) Penalty of Rs 5,500,000 thousand imposed by the Competition Commission of Pakistan (CCP) in 2013, for alleged unreasonable increase in urea prices, which was set aside by the Competition Appellate Tribunal, in appeal filed by the Company, who also remanded the case back to CCP to decide the case afresh under guidelines provided by the Tribunal. CCP did not challenge this order before the Supreme Court of Pakistan in appeal within the stipulated time, thus making the appeal time barred. However CCP, under the said Tribunal guidelines, may resume proceedings but the Company remains confident of successfully defending these unreasonable claims in future as well.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2020

	Note	Un-audited September 30, 2020	Audited December 31, 2019
(Rupees '000)			
9.2 Commitments in respect of:			
(i) Capital expenditure		1,872,666	1,213,292
(ii) Purchase of fertilizer, stores, spares and other operational items		5,678,454	1,347,209
(iii) Investment in Fauji Fresh n Freeze Limited		-	1,500,000
(iv) Investment in Thar Energy Limited		2,392,954	2,235,724
(v) Contracted out services		231,541	289,135
10. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	10.1	20,651,908	19,980,087
Capital work in progress	10.2	1,247,198	2,144,039
Right of use assets	10.3	71,241	87,973
		21,970,347	22,212,099
10.1 Operating fixed assets			
Opening written down value		19,980,087	21,021,758
Additions during the period / year		2,369,189	1,501,258
Written down value of disposals		(885)	(306,477)
Depreciation during the period / year		(1,696,483)	(2,236,452)
		20,651,908	19,980,087
10.1.1 Additions in and depreciation on property, plant and equipment during the nine month period ended September 30, 2019 were Rs 1,116,808 thousand and Rs 1,690,725 thousand respectively.			
		Un-audited September 30, 2020	Audited December 31, 2019
(Rupees '000)			
10.2 Capital work in progress			
Opening value		2,144,039	511,938
Additions during the period / year		702,578	1,765,644
Transfers during the period / year		(1,599,419)	(133,543)
		1,247,198	2,144,039
10.3 Right of use assets			
Opening value		87,973	-
Additions during the period / year		1,035	138,325
Depreciation during the period / year		(17,767)	(50,352)
		71,241	87,973

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2020

	Note	Un-audited September 30, 2020	Audited December 31, 2019
(Rupees '000)			
10.4 Depreciation charge has been allocated as follows:			
Cost of sales		1,668,330	2,212,357
Distribution cost		39,585	67,472
Other expenses		1,335	1,972
Charged to FFBL under the Company Services Agreement		5,000	5,003
		1,714,250	2,286,804
11. LONG TERM INVESTMENTS			
Investments held at cost			
In subsidiary companies (Unquoted)			
FFC Energy Limited		2,438,250	2,438,250
Fauji Fresh n Freeze Limited			
Investment at cost		6,335,500	4,835,500
Less: Impairment loss		(1,100,000)	(1,100,000)
		5,235,500	3,735,500
		7,673,750	6,173,750
In associated companies (Quoted)			
Fauji Cement Company Limited		1,500,000	1,500,000
Fauji Fertilizer Bin Qasim Limited		4,658,919	4,658,919
Askari Bank Limited		10,461,921	10,461,921
		16,620,840	16,620,840
In associated company (Unquoted)			
Thar Energy Limited		3,206,251	2,789,718
Advance against issue of shares		-	416,533
		3,206,251	3,206,251
In joint venture (Unquoted)			
Pakistan Maroc Phosphore S.A., Morocco		705,925	705,925
		28,206,766	26,706,766
Investments measured at fair value through other comprehensive income			
Term Deposit Receipts - from conventional banks		128,677	155,116
Pakistan Investment Bonds		4,754,999	4,272,285
		4,883,676	4,427,401
		33,090,442	31,134,167
Less: Current portion shown under short term investments			
Investments measured at fair value through other comprehensive income			
Term Deposit Receipts - from conventional banks		24,386	46,178
Pakistan Investment Bonds		67,561	-
		91,947	46,178
		32,998,495	31,087,989

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2020

12. OTHER RECEIVABLES

These include Rs 6,961,878 thousand (December 31, 2019: Rs 6,961,878 thousand) on account of subsidy receivable and Rs 10,719,649 thousand (December 31, 2019: Rs 9,921,467 thousand) on account of sales tax receivable from the Government.

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

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

Term deposits with banks and financial institutions

Local currency	-	3,000,000
Foreign currency	2,505,429	2,115,339
	2,505,429	5,115,339

Investments at fair value through profit or loss

Conventional investments	57,428,218	37,375,252
Shariah compliant investments	3,706,614	5,503,701
	61,134,832	42,878,953

Current maturity of long term investments

Fair value through other comprehensive income	11	91,947	46,178
		63,732,208	48,040,470

Three month period ended		Nine month period ended	
Un-audited September 30, 2020	Un-audited September 30, 2019	Un-audited September 30, 2020	Un-audited September 30, 2019
(Rupees '000)		(Rupees '000)	

14. TURNOVER - NET

Turnover	25,166,719	27,092,102	70,207,292	74,602,994
Sales tax	(514,544)	(560,393)	(1,442,538)	(1,501,656)
Trade discount	(16,408)	-	(347,083)	(78,853)
	(530,952)	(560,393)	(1,789,621)	(1,580,509)
	24,635,767	26,531,709	68,417,671	73,022,485

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

For the nine month period ended September 30, 2020

	September 30, 2020	September 30, 2019
	(Rupees '000)	
15. CASH GENERATED FROM OPERATIONS		
Profit before taxation	19,238,300	17,331,955
Adjustments for:		
Depreciation	1,709,250	1,727,104
Amortization	3,725	2,536
Provision for slow moving spares	57,696	12,639
Impairment loss on investment	-	650,000
Finance cost	1,405,859	1,654,594
Gain on disposal of property, plant and equipment	(20,183)	(134,677)
Interest and profit on loans, deposits and investments	(572,906)	(1,392,834)
Exchange gain - net	(160,464)	(255,584)
Gain on re-measurement of investments at fair value through profit or loss	(515,689)	-
Dividend income	(1,151,177)	(1,521,923)
	756,111	741,855
	19,994,411	18,073,810
Changes in:		
Stores, spares and loose tools	(928,815)	(272,428)
Stock in trade	4,362,007	5,600,725
Trade debts	9,615,816	(2,049,758)
Loans and advances	128,488	(876,844)
Deposits and prepayments	(92,119)	(82,675)
Other receivables	(751,215)	(2,318,337)
Trade and other payables	5,435,808	11,132,292
	17,769,970	11,132,975
Changes in long term loans and advances	(628,017)	(81,388)
Changes in long term deposits and prepayments	(3,050)	1,226
	37,133,314	29,126,623

16. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2019. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended December 31, 2019.

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

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

For the nine month period ended September 30, 2020

	September 30, 2020	September 30, 2019
	(Rupees '000)	
17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES		
Significant transactions and balances with the related parties are as follows:		
HOLDING COMPANY		
Transactions		
Dividend paid	4,796,020	5,219,198
Sale of fertilizer	4,359	1,869
Others	4,739	254
SUBSIDIARY COMPANIES		
Transactions		
Guarantee against loan of subsidiary company	-	188,833
Equity investment	1,500,000	-
Interest income	4,478	98,450
Rental income	6,612	6,612
Expenses incurred on behalf of subsidiary companies	110,655	98,109
Receipt of interest accrued on loans	151,924	-
Receipt against expenses on behalf of subsidiary companies	145,074	-
Balances		
Balances receivable - unsecured *	386,871	1,463,259
ASSOCIATED UNDERTAKINGS / JOINT VENTURES / COMPANIES DUE TO COMMON DIRECTORSHIP		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	851,541	765,565
Commission on sale of products	19,096	15,627
Payments under consignment account - net	55,600,873	42,025,636
Payment against purchase of gas as feed and fuel stock	25,037,636	18,934,167
Equity investment	416,533	1,329,318
Services and materials provided	23,840	10,161
Services and materials received	1,022	1,980
Donations	164,473	95,800
Interest expense	121,609	163,922
Interest income	58,315	8,050
Dividend income	1,151,177	1,521,923
Balances		
Long term investments *	128,677	155,116
Short term borrowing *	1,815,900	4,426,551
Bank balances *	364,350	44,099
Balances receivable - unsecured *	363,160	372,458
Balances payable - unsecured *	69,264,685	65,751,432

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

For the nine month period ended September 30, 2020

	September 30, 2020	September 30, 2019
	(Rupees '000)	
KEY MANAGEMENT PERSONNEL		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2020: 1 and 410 (2019: 1 and 367) respectively	3,598,378	3,205,785
STAFF RETIREMENT BENEFITS		
Contributions		
Employees' Provident Fund Trust	358,959	344,227
Employees' Gratuity Fund Trust	253,724	218,426
Employees' Pension Fund Trust	159,720	124,559
Employees' Funds as Dividend on equity holding of 0.18% (2019: 0.16%)	18,528	17,999
Balances		
Balance payable to Gratuity Fund Trust *	676,107	739,538
Balance payable to Pension Fund Trust *	403,248	443,178

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

18. NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors of the Company in its meeting held on October 28, 2020 proposed third interim dividend of Rs 2.55 per share.

19. GENERAL

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

19.2 Late in 2019 news emerged from China about the COVID-19 (Coronavirus). In the first few months of 2020 the virus had spread globally, and its negative impact had gained momentum. The management considers presently this outbreak does not have any impact on the amounts being reported in the Company's statement of financial position as at September 30, 2020. While this is still an evolving situation as at the time of issuing these condensed interim financial statements yet, to date the operations of the Company have continued uninterrupted during this pandemic, future effects cannot be predicted. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

19.3 These condensed interim financial statements have been authorized for issue by the Board of Directors of the Company on October 28, 2020.



Chairman



Chief Executive



Director



Chief Financial Officer



**Condensed Interim
Consolidated
Financial Statements**

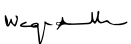
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2020

	Note	Un-audited September 30, 2020	Audited December 31, 2019
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	4	12,722,382	12,722,382
Capital reserves		6,228,137	4,950,718
Revenue reserves	5	49,466,667	43,049,451
Surplus / (deficit) on remeasurement of investments to fair value - net		2,006,610	(1,256,521)
		70,423,796	59,466,030
Share in revaluation reserve of associates - net		1,234,870	1,198,826
NON - CURRENT LIABILITIES			
Long term borrowings - secured	6	11,100,960	9,355,434
Lease liabilities		89,152	87,098
Deferred liabilities		7,270,862	5,996,675
		18,460,974	15,439,207
CURRENT LIABILITIES			
Trade and other payables	7	81,807,144	76,309,123
Mark-up and profit accrued		352,995	711,501
Short term borrowings - secured	8	11,985,811	22,492,953
Unclaimed dividend		474,733	541,447
Current portion of long term borrowings - secured	6	5,505,388	6,085,171
Current portion of lease liabilities		30,787	51,967
Taxation		4,060,716	3,091,959
		104,217,574	109,284,121
TOTAL EQUITY AND LIABILITIES		194,337,214	185,388,184
CONTINGENCIES AND COMMITMENTS			
	9		

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

	Note	Un-audited September 30, 2020	Audited December 31, 2019
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	10	31,906,820	32,758,158
Intangible assets		1,939,578	1,945,305
Long term investments	11	56,257,946	49,258,736
Long term loans and advances - secured		1,828,054	1,200,037
Long term deposits and prepayments		31,499	28,349
		91,963,897	85,190,585
CURRENT ASSETS			
Stores, spares and loose tools		4,784,064	3,864,402
Stock in trade		2,760,173	7,014,838
Trade debts		8,052,951	15,605,892
Loans and advances		757,179	866,734
Deposits and prepayments		214,849	52,893
Other receivables	12	18,217,213	17,570,178
Short term investments	13	64,962,208	49,207,470
Cash and bank balances		2,624,680	6,015,192
		102,373,317	100,197,599
TOTAL ASSETS		194,337,214	185,388,184



Chairman



Chief Executive



Director



Chief Financial Officer

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

For the nine month period ended September 30, 2020

		Three month period ended		Nine month period ended	
	Note	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
		(Rupees '000)		(Rupees '000)	
Turnover - net	14	26,216,827	27,978,997	72,777,972	76,523,990
Cost of sales		16,935,222	20,156,386	46,798,703	52,769,768
GROSS PROFIT		9,281,605	7,822,611	25,979,269	23,754,222
Administrative and distribution expenses		1,832,954	2,177,638	5,950,712	6,213,558
		7,448,651	5,644,973	20,028,557	17,540,664
Finance cost		363,669	767,933	1,861,435	2,262,557
Other expenses		629,885	527,080	1,825,157	1,698,009
		6,455,097	4,349,960	16,341,965	13,580,098
Other income		960,446	1,491,731	3,931,539	4,050,578
Share of profit of associates and joint venture		3,009,084	109,083	3,556,280	117,777
PROFIT BEFORE TAXATION		10,424,627	5,950,774	23,829,784	17,748,453
Provision for taxation		2,176,348	1,337,328	5,796,412	4,527,987
PROFIT FOR THE PERIOD		8,248,279	4,613,446	18,033,372	13,220,466
Earnings per share - basic and diluted (Rupees)		6.48	3.62	14.17	10.39

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


Chairman

Chief Executive

Director

Chief Financial Officer

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

	Three month period ended		Nine month period ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	(Rupees '000)		(Rupees '000)	
PROFIT FOR THE PERIOD	8,248,279	4,613,446	18,033,372	13,220,466
OTHER COMPREHENSIVE INCOME				
Items that will not be subsequently reclassified to profit or loss - net Equity accounted investees - share of OCI, net of tax	-	79,783	16,321	73,887
Items that may be subsequently reclassified to profit or loss - net				
Surplus / (deficit) on re-measurement of investments to fair value - net of tax	(76,348)	(21,723)	218,401	(53,201)
Share of equity accounted investees - share of OCI, net of tax	1,685,336	750,528	3,503,697	483,681
	1,608,988	728,805	3,722,098	430,480
Comprehensive income taken to equity	9,857,267	5,422,034	21,771,791	13,724,833
Comprehensive income not recognised in equity				
Items that may be subsequently reclassified to profit or loss	(11,682)	(49,895)	36,044	157,553
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	9,845,585	5,372,139	21,807,835	13,882,386

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


Chairman


Chief Executive


Director


Chief Financial Officer

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

	Capital reserves				Revenue reserves			Surplus / (deficit) on remeasurement of investments to fair - net	Total
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Statutory reserve	General reserve	Unappropriated profit		
						(Rupees '000)			
Balance as at January 1, 2019 (Audited)	12,722,382	40,000	120,000	1,139,854	2,072,250	8,802,360	32,401,749	(634,072)	56,864,323
Total comprehensive income	-	-	-	-	-	-	13,220,466	-	13,220,466
Profit for the period	-	-	-	1,333,889	-	-	73,887	(903,409)	504,367
Other comprehensive income - net of tax	-	-	-	1,333,889	-	-	13,294,353	(903,409)	13,724,833
Transactions with owners of the Company									
Distributions:									
Final dividend 2018: Rs 3.90 per share	-	-	-	-	-	-	(4,961,729)	-	(4,961,729)
First interim dividend 2019: Rs 2.50 per share	-	-	-	-	-	-	(3,180,596)	-	(3,180,596)
Second interim dividend 2019: Rs 2.85 per share	-	-	-	-	-	-	(3,625,879)	-	(3,625,879)
Other changes in equity	-	-	-	-	-	-	(11,768,204)	-	(11,768,204)
Transfer to statutory reserve	-	-	-	-	423,720	-	(423,720)	-	-
Balance as at September 30, 2019	12,722,382	40,000	120,000	2,473,543	2,495,970	8,802,360	33,504,178	(1,537,481)	58,620,952
Balance as at January 1, 2020 (Audited)	12,722,382	40,000	120,000	2,158,938	2,631,780	8,802,360	34,247,091	(1,256,521)	59,466,030
Total comprehensive income	-	-	-	-	-	-	18,033,372	-	18,033,372
Profit for the period	-	-	-	458,967	-	-	16,321	3,263,131	3,738,419
Other comprehensive income - net of tax	-	-	-	458,967	-	-	18,049,693	3,263,131	21,771,791
Transactions with owners of the Company									
Distributions:									
Final dividend 2019: Rs 3.25 per share	-	-	-	-	-	-	(4,134,774)	-	(4,134,774)
First interim dividend 2020: Rs 2.50 per share	-	-	-	-	-	-	(3,180,596)	-	(3,180,596)
Second interim dividend 2020: Rs 2.75 per share	-	-	-	-	-	-	(3,498,655)	-	(3,498,655)
Other changes in equity	-	-	-	-	-	-	(10,814,025)	-	(10,814,025)
Transfer to statutory reserve	-	-	-	-	818,452	-	(818,452)	-	-
Balance as at September 30, 2020	12,722,382	40,000	120,000	2,617,905	3,450,232	8,802,360	40,864,307	2,006,610	70,423,796

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


Chairman


Chief Executive


Director

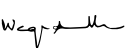

Chief Financial Officer

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

For the nine month period ended September 30, 2020

	Note	September 30, 2020	September 30, 2019
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	16	38,093,016	30,058,327
Finance cost paid		(2,219,941)	(1,861,363)
Income tax paid		(4,301,398)	(4,475,438)
		(6,521,339)	(6,336,801)
Net cash generated from operating activities		31,571,677	23,721,526
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,538,759)	(1,184,723)
Proceeds from sale of property, plant and equipment		23,281	454,294
Investment in Thar Energy Limited		-	(1,329,318)
Other investments - net		398,206	4,616,361
Interest and profit received		808,496	1,740,669
Dividend received		1,151,177	1,595,672
Net cash generated from investing activities		842,401	5,892,955
CASH FLOWS FROM FINANCING ACTIVITIES			
Long Term Financing			
Draw-downs		5,526,290	-
Repayments		(4,374,333)	(5,764,310)
Repayment of lease liabilities		(20,161)	(27,641)
Dividend paid		(10,880,739)	(11,870,209)
Net cash used in financing activities		(9,748,943)	(17,662,160)
Net increase in cash and cash equivalents		22,665,135	11,952,321
Cash and cash equivalents at beginning of the period		32,683,531	25,684,461
Effect of exchange rate changes		160,464	255,584
Cash and cash equivalents at end of the period		55,509,130	37,892,366
CASH AND CASH EQUIVALENTS			
Cash and bank balances		2,624,680	1,354,363
Short term borrowings - secured		(11,985,811)	(13,131,015)
Short term highly liquid investments		64,870,261	49,669,018
		55,509,130	37,892,366

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


Chairman

Chief Executive

Director

Chief Financial Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2020

1. THE COMPANY AND ITS OPERATIONS

- 1.1** Fauji Fertilizer Company Limited (the Group) comprises of Fauji Fertilizer Company Limited (FFC / parent company) and its subsidiaries, FFC Energy Limited (FFCEL) and Fauji Fresh n Freeze Limited (FFF). These companies are incorporated in Pakistan as public limited companies. The shares of FFC are quoted on Pakistan Stock Exchange.

The principal activity of FFC is manufacturing, purchasing and marketing of fertilizers and chemicals, including investment in other fertilizer, chemical, cement and banking operations. FFCEL has setup a 49.5 MW wind energy power project. FFF is principally engaged in the business of processing fresh, frozen fruit, vegetables, fresh meat, frozen cooked and semi cooked food.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

- 2.2** The disclosures in these condensed interim consolidated financial statements do not include the information reported for full annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2019. Comparative figures of condensed interim statement of financial position is extracted from audited consolidated financial statements as at December 31, 2019 whereas comparative figures of condensed interim statement of profit or loss account, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from unaudited condensed interim consolidated financial information of the Group for the nine month period ended September 30, 2019.
- 2.3** These condensed interim consolidated financial statements are unaudited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

3. Significant accounting policies

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim consolidated financial statements and financial risk management policy are the same as those applied in preparation of financial statements of the Group for the year ended December 31, 2019.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2020

4. SHARE CAPITAL**AUTHORISED SHARE CAPITAL**

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

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited September 30, 2020	Audited December 31, 2019	Note	Un-audited September 30, 2020	Audited December 31, 2019
(Number of shares)			(Rupees '000)	
256,495,902	256,495,902	Ordinary shares of Rs 10 each, issued for consideration in cash	2,564,959	2,564,959
1,015,742,345	1,015,742,345	Ordinary shares of Rs 10 each, issued as fully paid bonus shares	10,157,423	10,157,423
1,272,238,247	1,272,238,247		12,722,382	12,722,382
5. REVENUE RESERVES				
General reserves			8,802,360	8,802,360
Unappropriated profit			40,664,307	34,247,091
			49,466,667	43,049,451
6. LONG TERM BORROWINGS - SECURED				
From conventional banks				
Fauji Fertilizer Company Limited	6.1	10,837,500	10,833,750	
FFC Energy Limited	6.2	3,530,058	4,115,230	
Fauji Fresh n Freeze Limited	6.3	126,290	141,625	
From Islamic banks				
Fauji Fertilizer Company Limited	6.4	2,112,500	350,000	
		16,606,348	15,440,605	
Less: Current portion shown under current liabilities				
From conventional banks		5,392,888	5,735,171	
From Islamic banks		112,500	350,000	
		5,505,388	6,085,171	
		11,100,960	9,355,434	
6.1 Movement during the period / year is as follows:				
Opening balance		10,833,750	14,425,062	
Draw-downs during the period / year		3,400,000	2,600,000	
Repayments during the period / year		(3,396,250)	(6,191,312)	
Closing balance		10,837,500	10,833,750	
6.2 Movement during the period / year is as follows:				
Opening balance		4,115,230	5,194,232	
Repayments during the period / year		(598,958)	(1,102,139)	
		3,516,272	4,092,093	
Transaction cost				
Amortized during the period / year		13,786	23,137	
Closing balance		3,530,058	4,115,230	

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2020

	Un-audited September 30, 2020	Audited December 31, 2019
	(Rupees '000)	
6.3 Movement during the period / year is as follows:		
Opening balance	141,625	424,875
Draw-downs during the period / year	126,290	-
Repayments during the period / year	(141,625)	(283,250)
Closing balance	126,290	141,625
6.4 Movement during the period / year is as follows:		
Opening balance	350,000	1,396,429
Draw-downs during the period / year	2,000,000	-
Repayments during the period / year	(237,500)	(1,046,429)
Closing balance	2,112,500	350,000

7. TRADE AND OTHER PAYABLES

These include Rs 62,643,423 thousand (December 31, 2019: Rs 61,064,027 thousand) on account of Gas Infrastructure Development Cess (GIDC) payable. Supreme Court of Pakistan (SCP) in its recent judgement dated August 13, 2020 declared GIDC Act as valid legislation. A review petition for factual determination has been filed before the SCP. Additionally, the Company has also been granted with a stay from Sindh High Court against the subject settlement.

	Un-audited September 30, 2020	Audited December 31, 2019
	(Rupees '000)	
8. SHORT TERM BORROWINGS - secured		
From conventional banks	10,108,474	19,803,608
From Islamic banks	1,877,337	2,689,345
	11,985,811	22,492,953

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies:

(i)	Guarantees issued by banks on behalf of the Group companies	5,094,844	3,994,314
(ii)	Claims against Group and/or potential exposure not acknowledged as debt	148,022	50,696
(iii)	Group's share of contingencies in Fauji Fertilizer Bin Qasim Limited	24,138,805	20,889,757
(iv)	Group's share of contingencies in Fauji Cement Company Limited as at June 30, 2020 (2019: September 30, 2019)	117,874	120,932
(v)	Group's share of contingencies in Askari Bank Limited as at June 30, 2020 (2019: September 30, 2019)	89,675,749	83,015,441
(vi)	Penalty of Rs 5,500,000 thousand imposed by the Competition Commission of Pakistan (CCP) in 2013, for alleged unreasonable increase in urea prices, which was set aside by the Competition Appellate Tribunal, in appeal filed by the Company, who also remanded the case back to CCP to decide the case afresh under guidelines provided by the Tribunal. CCP did not challenge this order before the Supreme Court of Pakistan in appeal within the stipulated time, thus making the appeal time barred. However CCP, under the said Tribunal guidelines, may resume proceedings but the Company remains confident of successfully defending these unreasonable claims in future as well.		

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2020

	Note	Un-audited September 30, 2020	Audited December 31, 2019
(Rupees '000)			
9.2 Commitments in respect of:			
(i) Capital expenditure		1,872,666	1,213,292
(ii) Purchase of fertilizer, stores, spares and other operational items		5,678,454	1,347,209
(iii) Investment in Thar Energy Limited		2,392,954	2,235,724
(iv) Group's share of commitments of PMP as at June 30, 2020 (2019: September 30, 2019)		36,674	32,855
(v) Contracted out services		231,541	289,135
10. PROPERTY PLANT AND EQUIPMENT			
Operating fixed assets	10.1	30,515,900	30,375,178
Capital work in progress	10.2	1,283,906	2,258,030
Right of use assets	10.3	107,014	124,950
		31,906,820	32,758,158
10.1 Operating fixed assets			
Opening written down value		30,375,178	32,153,880
Additions during the period / year		2,512,813	1,654,198
Written down value of disposals / adjustments		(3,072)	(320,197)
Depreciation during the period / year		(2,369,019)	(3,112,703)
		30,515,900	30,375,178
10.1.1 Additions in and depreciation on property, plant and equipment during the nine month period ended September 30, 2019 were Rs 1,184,154 thousand and Rs 2,327,677 thousand respectively.			
		Un-Audited December 31, 2020	Audited December 31, 2019
(Rupees '000)			
10.2 Capital work in progress			
Opening value		2,258,030	621,090
Additions during the period / year		719,734	1,841,403
Transfers during the period / year		(1,693,858)	(204,463)
		1,283,906	2,258,030
10.3 Right of use assets			
Opening balance		124,950	-
Additions during the period / year		1,035	188,246
Depreciation during the period / year		(18,971)	(63,296)
		107,014	124,950
10.4 Depreciation charge has been allocated as follows:			
Cost of sales		2,295,411	3,039,410
Administrative and distribution expenses		86,244	129,614
Other expenses		1,335	1,972
Charged to FFBL under the Company Services Agreement		5,000	5,003
		2,387,990	3,175,999

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2020

	Note	Un-audited September 30, 2020	Audited December 31, 2019
		(Rupees '000)	
11. LONG TERM INVESTMENTS			
Equity accounted investments	11.1	51,466,217	44,877,513
Other long term investments	11.2	4,791,729	4,381,223
		56,257,946	49,258,736
11.1 Equity accounted investments			
Investment in associated companies - under equity method			
Fauji Cement Company Limited			
Balance at the beginning		2,137,474	2,120,849
Share of (loss) / profit for the period / year		(23,914)	157,250
Dividend received		-	(140,625)
		2,113,560	2,137,474
Fauji Fertilizer Bin Qasim Limited			
Balance at the beginning		17,561,761	20,742,207
Share of profit / (loss) for the period / year		172,931	(3,177,170)
Share of OCI for the period / year		885,046	462,616
Dividend received		-	(465,892)
		18,619,738	17,561,761
Askari Bank Limited			
Balance at the beginning		18,998,792	17,367,437
Share of profit for the period / year		3,285,623	2,240,515
Share of OCI for the period / year		3,060,790	(65,392)
Dividend received		(815,652)	(543,768)
		24,529,553	18,998,792
Thar Energy Limited			
Balance at the beginning		3,189,926	1,445,604
Investment during the period		-	1,329,318
Advance against issue of shares		-	416,533
Share of profit / (loss) for the period / year		816	(1,529)
		3,190,742	3,189,926
Investment in joint venture - under equity method			
Pakistan Maroc Phosphore S.A., Morocco			
Balance at the beginning		2,989,560	2,521,691
Share of profit for the period / year		120,824	401,615
Gain on translation of net assets		237,765	581,953
Dividend received		(335,525)	(515,699)
		3,012,624	2,989,560
		51,466,217	44,877,513

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2020

	Note	Un-audited September 30, 2020	Audited December 31, 2019
		(Rupees '000)	
11.2 Other long term investments			
Investment measured at fair value through other comprehensive income			
Term Deposit Receipts - from conventional banks		128,677	155,116
Pakistan Investment Bonds		4,754,999	4,272,285
		4,883,676	4,427,401
Less: Current portion shown under short term investments measured at fair value through other comprehensive income			
Term Deposit Receipts - from conventional banks		24,386	46,178
Pakistan Investment Bonds		67,561	-
	13	91,947	46,178
		4,791,729	4,381,223

12. OTHER RECEIVABLES

These include Rs 6,961,878 thousand (December 31, 2019: Rs 6,961,878 thousand) on account of subsidy receivable and Rs 10,815,176 thousand (December 31, 2019: Rs 10,085,239 thousand) on account of sales tax receivable from the Government.

	Note	Un-audited September 30, 2020	Audited December 31, 2019
		(Rupees '000)	
13. SHORT TERM INVESTMENTS			
Amortised cost - conventional investments			
Term deposits with banks and financial institutions			
Local currency		1,230,000	4,167,000
Foreign currency		2,505,429	2,115,339
		3,735,429	6,282,339
Investments at fair value through profit or loss			
Conventional investments		57,428,218	37,375,252
Shariah compliant investments		3,706,614	5,503,701
		61,134,832	42,878,953
Current maturity of long term investments			
Investments measured at fair value through other comprehensive income	11	91,947	46,178
		64,962,208	49,207,470

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2020

	Three month period ended		Nine month period ended	
	Un-audited September 30, 2020	Un-audited September 30, 2019	Un-audited September 30, 2020	Un-audited September 30, 2019
14. TURNOVER - NET	(Rupees '000)		(Rupees '000)	
Fertilizers	25,166,719	27,092,102	70,207,292	74,602,994
Power	1,324,121	1,349,894	3,736,865	3,044,512
Food	411,551	313,161	1,092,173	974,096
	26,902,391	28,755,157	75,036,330	78,621,602
Sales tax	(653,285)	(726,670)	(1,853,447)	(1,920,522)
Trade discount	(32,279)	(49,490)	(404,911)	(177,090)
	(685,564)	(776,160)	(2,258,358)	(2,097,612)
	26,216,827	27,978,997	72,777,972	76,523,990

15. 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	Total
	(Rupees '000)			
September 30, 2020 (Un-audited)				
Assets				
Segment assets (Total)	126,172,888	13,746,849	2,951,260	142,870,997
Equity accounted investees	51,466,217	-	-	51,466,217
Liabilities				
Segment liabilities (Total)	118,026,325	4,069,051	583,172	122,678,548
Capital expenditure	1,472,348	55,136	11,205	1,538,689
Depreciation	1,714,250	450,118	223,622	2,387,990
December 31, 2019 (Audited)				
Assets				
Segment assets (Total)	125,583,161	11,865,051	3,062,459	140,510,671
Equity accounted investees	44,877,513	-	-	44,877,513
Liabilities				
Segment liabilities (Total)	117,944,290	4,615,957	2,163,081	124,723,328
Capital expenditure	3,133,359	122,600	106,099	3,362,058
Depreciation	2,313,805	569,094	293,100	3,175,999

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

For the nine month period ended September 30, 2020

	September 30, 2020	September 30, 2019
	(Rupees '000)	
16. CASH GENERATED FROM OPERATIONS		
Profit before taxation	23,829,784	17,748,453
Adjustments for:		
Depreciation	2,382,990	2,372,557
Amortization	5,797	3,572
Amortization of transaction cost	13,786	17,659
Provision for slow moving spares	57,696	8,516
Provision / (reversal of provision) for stock in trade	1,347	(4,597)
Finance cost	1,861,435	2,270,888
Gain on sale of property, plant and equipment	(20,209)	(134,712)
Income on loans, deposits and investments	(682,935)	(1,428,799)
Share of profit of associated companies and joint venture	(3,556,280)	(117,777)
Exchange gain - net	(160,464)	(263,915)
Gain on remeasurement of investments at fair value through profit or loss	(515,689)	-
	(612,526)	2,723,392
	23,217,258	20,471,845
Changes in:		
Stores and spares	(977,358)	(294,560)
Stock in trade	4,253,318	5,541,220
Trade debts	7,552,941	(3,968,043)
Loans and advances	109,555	(242,576)
Deposits and prepayments	(161,956)	(117,220)
Other receivables	(767,596)	(2,228,242)
Trade and other payables	5,498,021	10,974,823
	15,506,925	9,665,402
Changes in long term loans and advances	(628,017)	(81,388)
Changes in long term deposits and prepayments	(3,150)	2,468
	38,093,016	30,058,327

17. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Groups's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended December 31, 2019. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited consolidated financial statements of the Group for the year ended December 31, 2019.

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

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

	September 30, 2020	September 30, 2019
	(Rupees '000)	
18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES		
Significant transactions and balances with the related parties are as follows:		
HOLDING COMPANY		
Transactions		
Dividend paid	4,796,020	5,219,198
Sale of fertilizer	4,359	1,869
Others	4,739	254
ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	851,541	765,565
Commission on sale of products	19,096	15,627
Payment under consignment account - net	55,600,873	42,025,636
Payment against purchase of gas as feed and fuel stock	25,037,636	18,934,167
Equity investment	416,533	1,329,318
Services and materials provided	23,840	10,161
Services and materials received	1,022	1,980
Donation	164,473	95,800
Interest expense	154,548	205,325
Interest income	68,395	17,911
Dividend income	1,151,177	1,521,923
Balances		
Long term investments*	128,677	155,116
Long term borrowing*	304,519	348,159
Short term borrowing *	1,815,900	4,426,551
Bank balance *	442,217	310,144
Balance receivable - unsecured *	363,160	372,458
Balance payable - unsecured *	69,264,685	65,751,432
KEY MANAGEMENT PERSONNEL		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2020: 1 and 419 (2019: 1 and 377) respectively.	3,668,296	3,270,377
STAFF RETIREMENT BENEFITS		
Contributions		
Employees' Provident Fund Trust	364,278	344,227
Employees' Gratuity Fund Trust	253,724	218,426
Employees' Pension Fund Trust	159,720	124,559
Employees' Funds as Dividend on equity holding of 0.18% (2019: 0.16%)	18,528	17,999
Balances		
Balance payable to Gratuity Fund Trust *	676,107	739,538
Balance payable to Pension Fund Trust *	403,248	443,178

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

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

For the nine month period ended September 30, 2020

19. NON ADJUSTING EVENTS AFTER REPORTING DATE

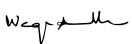
The Board of Directors of FFC in its meeting held on October 28, 2020 proposed third interim dividend of Rs. 2.55 per share.

20. GENERAL

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

20.2 Late in 2019 news emerged from China about the COVID-19 (Coronavirus). In the first few months of 2020 the virus had spread globally, and its negative impact had gained momentum. The management considers presently this outbreak does not have any impact on the amounts being reported in the Group's statement of financial position as at September 30, 2020. While this is still an evolving situation as at the time of issuing these condensed interim financial statements yet, to date the operations of the Group have continued uninterrupted during this pandemic, future effects cannot be predicted. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects.

20.3 These condensed interim consolidated financial statements have been authorized for issue by the Board of Directors of FFC on October 28, 2020.



Chairman



Chief Executive



Director



Chief Financial Officer

SAY NO TO CORRUPTION

