

HALF YEARLY

FINANCIAL STATEMENTS

30 JUNE, 2020 (UN-AUDITED)



FAUJI FERTILIZER COMPANY LIMITED



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Condensed Interim
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SAY NO TO CORRUPTION

Company Information

BOARD OF DIRECTORS

Mr. Waqar Ahmed Malik

Chairman

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

Chief Executive & Managing Director

Dr Nadeem Inayat

Mr Farhad Shaikh Mohammad

Mr Per Kristian Bakkerud

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

Mr Saad Amanullah Khan

Mr Rehan Laiq

Ms Maryam Aziz

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

Mr Sher Alam Mahsud

Syed Muhammad Tariq Huda

Mr. Qamar Haris Manzoor

CHIEF FINANCIAL OFFICER

Mr Mohammad Munir Malik

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

E-mail: munir_malik@ffc.com.pk

COMPANY SECRETARY

Brig Asrat Mahmood, SI(M) (Retd)

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

E-mail: secretary@ffc.com.pk

REGISTERED OFFICE

156 The Mall, Rawalpindi Cantt, Pakistan

Website: www.ffc.com.pk

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

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



PLANTSITES

Goth Machhi, Sadiqabad

(Distt: Rahim Yar Khan), Pakistan

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

Mirpur Mathelo

(Distt: Ghotki), Pakistan

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

MARKETING DIVISION

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

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

KARACHI OFFICE

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

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

AUDITORS

A.F. Ferguson & Co

Chartered Accountants

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

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

SHARES REGISTRAR

CDC Share Registrar Services Limited

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

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

Directors' Review

For the half year ended June 30, 2020

Dear Shareholders,

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

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

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

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

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

FUTURE OUTLOOK

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

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

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

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

On behalf of the Board,



Mr. Waqar Ahmed Malik
Chairman



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

Rawalpindi
July 27, 2020

ڈائریکٹرز کا تجزیہ

معزز حصہ داران!

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

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

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

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

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

مستقبل کی توقعات

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

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

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

بورڈ کی جانب سے



چیف ایگزیکٹو اور مینجنگ ڈائریکٹر

لیفٹیننٹ جنرل طارق خان

بلال امتیاز (ملٹری)، ریٹائرڈ

چیرمین

وقار احمد ملک

راولپنڈی

27 جولائی 2020

Independent Auditors' Review Report

To the members of Fauji Fertilizer Company Limited

Report on review of Condensed Interim Financial Statements

Introduction

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

Scope of Review

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

Conclusion

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

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

Islamabad
July 27, 2020



A.F. Ferguson & Co
Chartered Accountants



Condensed Interim Financial Statements



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

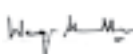
| | Note | Un-audited June 30, 2020 | Audited December 31, 2019 |
|---|------|--------------------------------|---------------------------------|
| (Rupees '000) | | | |
| EQUITY AND LIABILITIES | | | |
| EQUITY AND RESERVES | | | |
| Share capital | 4 | 12,722,382 | 12,722,382 |
| Capital reserves |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

CONTINGENCIES AND COMMITMENTS

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

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



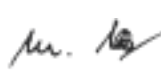
Chairman



Chief Executive



Director



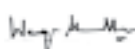
Chief Financial Officer

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

For the six month period ended June 30, 2020

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

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




Chairman



Chief Executive



Director

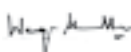


Chief Financial Officer

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

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

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



Chairman



Chief Executive



Director



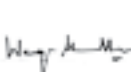
Chief Financial Officer

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

For the six month period ended June 30, 2020

| | Revenue reserves | | | | Surplus / (deficit) on remeasurement of investments to 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 | - | - | - | 8,904,758 | - | 8,904,758 |
| Other comprehensive loss - net of tax | - | - | - | - | (31,478) | (31,478) |
| | - | - | - | 8,904,758 | (31,478) | 8,873,280 |
| Transactions with owners of the Company | | | | | | |
| Distributions: | | | | | | |
| Final dividend 2018: Rs 3.90 per share | - | - | - | (4,961,729) | - | (4,961,729) |
| First interim dividend 2019: Rs 2.50 per share | - | - | - | (3,180,596) | - | (3,180,596) |
| | - | - | - | (8,142,325) | - | (8,142,325) |
| Balance as at June 30, 2019 (Un-Audited) | 12,722,382 | 160,000 | 8,802,360 | 12,482,586 | (53,428) | 34,113,900 |
| Balance as at January 1, 2020 (Audited) | 12,722,382 | 160,000 | 8,802,360 | 13,895,600 | (13,641) | 35,566,701 |
| Total comprehensive income | | | | | | |
| Profit for the period | - | - | - | 9,136,219 | - | 9,136,219 |
| Other comprehensive income - net of tax | - | - | - | - | 294,749 | 294,749 |
| | - | - | - | 9,136,219 | 294,749 | 9,430,968 |
| Transactions with owners of the Company | | | | | | |
| Distributions: | | | | | | |
| Final dividend 2019: Rs 3.25 per share | - | - | - | (4,134,774) | - | (4,134,774) |
| First interim dividend 2020: Rs 2.50 per share | - | - | - | (3,180,596) | - | (3,180,596) |
| | - | - | - | (7,315,370) | - | (7,315,370) |
| Balance as at June 30, 2020 (Un-Audited) | 12,722,382 | 160,000 | 8,802,360 | 15,716,449 | 281,108 | 37,682,299 |

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


Chairman

Chief Executive

Director

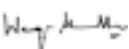
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the six month period ended June 30, 2020

| | Note | June 30, 2020 | June 30, 2019 |
|---|------|------------------|------------------|
| (Rupees '000) | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 15 | 27,249,725 | 18,548,300 |
| Finance cost paid | | (1,560,067) | (860,151) |
| Income tax paid | | (3,158,116) | (2,794,359) |
| | | (4,718,183) | (3,654,510) |
| Net cash generated from operating activities | | 22,531,542 | 14,893,790 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (890,886) | (864,806) |
| Proceeds from sale of property, plant and equipment | | 9,159 | 439,435 |
| Investment in Fauji Fresh n Freeze Limited | | (601,866) | - |
| Investment in Thar Energy Limited | | - | (1,329,318) |
| Decrease in other investments - net | | (40,173,709) | 22,436,085 |
| Interest and profit received | | 554,938 | 913,249 |
| Dividend received | | 815,652 | 1,528,815 |
| Net cash (used in) / generated from investing activities | | (40,286,712) | 23,123,460 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term financing | | | |
| Repayments | | 2,999,796 | (3,578,402) |
| Draw-downs | | (2,927,500) | - |
| Repayment of lease liabilities | | (17,165) | (10,023) |
| Dividend paid | | (7,397,445) | (8,246,939) |
| Net cash used in financing activities | | (7,342,314) | (11,835,364) |
| Net increase in cash and cash equivalents | | (25,097,484) | 26,181,886 |
| Cash and cash equivalents at beginning of the period | | 31,886,368 | 3,385,872 |
| Effect of exchange rate changes | | 198,044 | 377,232 |
| Cash and cash equivalents at end of the period | | 6,986,928 | 29,944,990 |
| CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | 5,664,648 | 3,289,406 |
| Short term borrowings | | (1,203,887) | (19,628,431) |
| Short term highly liquid investments | | 2,526,167 | 46,284,015 |
| | | 6,986,928 | 29,944,990 |

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


Chairman

Chief Executive

Director

Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

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

3. Significant accounting policies

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

4. SHARE CAPITAL

AUTHORISED SHARE CAPITAL

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

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

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

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

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

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

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

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

7. TRADE AND OTHER PAYABLES

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

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

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

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

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

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

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

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies:

- | | | |
|--|------------------|-----------|
| (i) Guarantees issued by banks on behalf of the Company | 4,991,820 | 3,994,314 |
| (ii) Claims against the Company and / or potential exposure not acknowledged as debt | 50,696 | 50,696 |
- (iii) Penalty of Rs 5,500,000 thousand imposed by the Competition Commission of Pakistan (CCP) in 2013, for alleged unreasonable increase in urea prices, which was set aside by the Competition Appellate Tribunal, in appeal filed by the Company, who also remanded the case back to CCP to decide the case afresh under guidelines provided by the Tribunal. CCP did not challenge this order before the Supreme Court of Pakistan in appeal within the stipulated time, thus making the appeal time barred. However CCP, under the said Tribunal guidelines, may resume proceedings but the Company remains confident of successfully defending these unreasonable claims in future as well.

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

9.2 Commitments in respect of:

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

| | Note | Un-audited June 30, 2020 | Audited December 31, 2019 |
|---|------|--------------------------------|---------------------------------|
| | | (Rupees '000) | |
| 11. LONG TERM INVESTMENTS | | | |
| Investments held at cost | | | |
| In associated companies (Quoted) | | | |
| Fauji Cement Company Limited | | 1,500,000 | 1,500,000 |
| Fauji Fertilizer Bin Qasim Limited | | 4,658,919 | 4,658,919 |
| Askari Bank Limited | | 10,461,921 | 10,461,921 |
| | | 16,620,840 | 16,620,840 |
| In associated companies (Unquoted) | | | |
| Thar Energy Limited | | 3,206,251 | 2,789,718 |
| Advance against issue of shares | | - | 416,533 |
| | | 3,206,251 | 3,206,251 |
| In joint venture (Unquoted) | | | |
| Pakistan Maroc Phosphore S.A., Morocco | | 705,925 | 705,925 |
| In subsidiary companies (Unquoted) | | | |
| FFC Energy Limited | | 2,438,250 | 2,438,250 |
| Fauji Fresh n Freeze Limited | | | |
| Investment at cost | | 6,335,500 | 4,835,500 |
| Less: Impairment loss | | (1,100,000) | (1,100,000) |
| | | 5,235,500 | 3,735,500 |
| | | 7,673,750 | 6,173,750 |
| | | 28,206,766 | 26,706,766 |
| Investments measured at fair value through other comprehensive Income | | | |
| Term Deposit Receipts - from conventional banks | | 143,924 | 155,116 |
| Pakistan Investment Bonds | | 4,862,533 | 4,272,285 |
| | | 5,006,457 | 4,427,401 |
| | | 33,213,223 | 31,134,167 |
| Less: Current portion shown under short term investments measured at fair value through other comprehensive income | | | |
| Term Deposit Receipts - from conventional banks | | 37,062 | 46,178 |
| | 13 | 33,176,161 | 31,087,989 |

12. OTHER RECEIVABLES

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

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

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

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

For the six month period ended June 30, 2020

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

16. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

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

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

For the six month period ended June 30, 2020

| | June 30, 2020 | June 30, 2019 |
|--|------------------|------------------|
| | (Rupees '000) | |
| 17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES | | |
| Significant transactions and balances with the related parties are as follows: | | |
| HOLDING COMPANY | | |
| Transactions | | |
| Dividend paid | 3,244,367 | 3,611,121 |
| Sale of fertilizer | 620 | 1,000 |
| Others | 41 | 223 |
| SUBSIDIARY COMPANIES | | |
| Transactions | | |
| Guarantee against loan of subsidiary company | - | 377,667 |
| Equity investment | 1,500,000 | - |
| Interest income | 3,336 | 45,542 |
| Rental income | 4,408 | 4,408 |
| Expenses incurred on behalf of subsidiary companies | 69,876 | 36,317 |
| Receipt of interest accrued on loans | 151,924 | - |
| Balances | | |
| Balances receivable - unsecured * | 487,821 | 1,463,259 |
| ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP | | |
| Transactions | | |
| Expenses charged on account of marketing of fertilizer on behalf of associated company | 491,841 | 414,912 |
| Commission on sale of products | 10,334 | 8,321 |
| Payments under consignment account - net | 31,781,347 | 19,441,503 |
| Payment against purchase of gas as feed and fuel stock | 16,503,981 | 10,907,726 |
| Equity investment | 416,533 | 1,329,318 |
| Services and materials provided | 28,220 | 10,161 |
| Services and materials received | - | 375 |
| Donations | 164,473 | 97,395 |
| Interest expense | 99,873 | 57,342 |
| Interest income | 37,282 | 6,347 |
| Dividend income | 1,130,652 | 1,460,511 |
| Balances | | |
| Dividend receivable * | 315,000 | - |
| Long term investments * | 143,924 | 155,116 |
| Short term borrowing * | 10,603 | 4,426,551 |
| Bank balances * | 26,671 | 44,099 |
| Balances receivable - unsecured * | 365,709 | 372,458 |
| Balances payable - unsecured * | 68,919,459 | 65,751,432 |
| KEY MANAGEMENT PERSONNEL | | |
| Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2020: 1 and 403 (2019: 1 and 364) respectively | 2,360,226 | 2,123,957 |

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

For the six month period ended June 30, 2020

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

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

18. NON ADJUSTING EVENTS AFTER REPORTING DATE

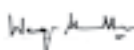
The Board of Directors of the Company in its meeting held on July 27, 2020 proposed second interim dividend of Rs. 2.75 per share.

19. GENERAL

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

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

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



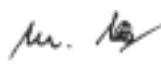
Chairman



Chief Executive



Director



Chief Financial Officer



Condensed Interim Consolidated Financial Statements


CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

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

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

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



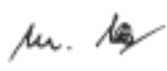
Chairman



Chief Executive



Director



Chief Financial Officer

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

For the six month period ended June 30, 2020

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

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



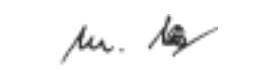
Chairman



Chief Executive



Director

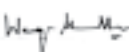


Chief Financial Officer

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

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

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



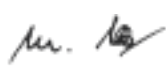
Chairman



Chief Executive



Director



Chief Financial Officer

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

For the six month period ended June 30, 2020

| | Capital reserves | | | | Revenue reserves | | | Surplus / (deficit) on re-measurement of investments to fair value - net | Total |
|--|------------------|---------------|----------------------------|---------------------|-------------------|-----------------|-----------------------|--|-------------|
| | Share capital | Share premium | Capital redemption reserve | Translation reserve | Statutory reserve | General reserve | Unappropriated profit | | |
| | | | | | | (Rupees '000) | | | |
| Balance as at January 1, 2019 (Audited) | 12,722,382 | 40,000 | 120,000 | 1,139,654 | 2,072,250 | 8,802,360 | 32,401,749 | (634,072) | 56,664,323 |
| Total comprehensive income | - | - | - | - | - | - | 8,607,020 | - | 8,607,020 |
| Profit for the period | - | - | - | - | - | - | (5,896) | (118,601) | (118,601) |
| Other comprehensive income / (loss) - net of tax | - | - | - | 440,080 | - | - | 8,601,124 | (552,785) | 8,488,419 |
| Transactions with owners of the Company | | | | | | | | | |
| Distributions: | | | | | | | | | |
| Final dividend 2018: Rs 3.90 per share | - | - | - | - | - | - | (4,961,729) | - | (4,961,729) |
| First interim dividend 2019: Rs 2.50 per share | - | - | - | - | - | - | (3,180,596) | - | (3,180,596) |
| Other changes in equity | - | - | - | - | - | - | (8,142,325) | - | (8,142,325) |
| Transfer to statutory reserve | - | - | - | - | 285,083 | - | (285,083) | - | - |
| Balance as at June 30, 2019 (Un-audited) | 12,722,382 | 40,000 | 120,000 | 1,579,734 | 2,357,333 | 8,802,360 | 32,575,465 | (1,186,857) | 57,010,417 |
| Balance as at January 1, 2020 (Audited) | 12,722,382 | 40,000 | 120,000 | 2,158,938 | 2,831,780 | 8,802,360 | 34,247,091 | (1,256,521) | 59,466,030 |
| Total comprehensive income | - | - | - | - | - | - | 9,785,093 | - | 9,785,093 |
| Profit for the period | - | - | - | - | - | - | 16,321 | 1,934,673 | 2,129,431 |
| Other comprehensive income / (loss) - net of tax | - | - | - | 178,437 | - | - | 9,801,414 | 1,934,673 | 11,914,524 |
| Transactions with owners of the Company | | | | | | | | | |
| Distributions: | | | | | | | | | |
| Final dividend 2019: Rs 3.25 per share | - | - | - | - | - | - | (4,134,774) | - | (4,134,774) |
| First interim dividend 2020: Rs 2.50 per share | - | - | - | - | - | - | (3,180,596) | - | (3,180,596) |
| Other changes in equity | - | - | - | - | - | - | (7,315,370) | - | (7,315,370) |
| Transfer to statutory reserve | - | - | - | - | 484,741 | - | (484,741) | - | - |
| Balance as at June 30, 2020 (Un-audited) | 12,722,382 | 40,000 | 120,000 | 2,337,375 | 3,116,521 | 8,802,360 | 36,248,394 | 678,152 | 64,065,184 |

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



Chairman



Chief Executive



Director



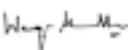
Chief Financial Officer

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

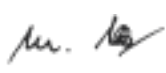
For the six month period ended June 30, 2020

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

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


Chairman

Chief Executive

Director

Chief Financial Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

1. THE COMPANY AND ITS OPERATIONS

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

- 2.2** The disclosures in these condensed interim consolidated financial statements do not include the information reported for full annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2019. Comparative figures of condensed interim statement of financial position is extracted from audited consolidated financial statements as at December 31, 2019 whereas comparative figures of condensed interim statement of profit or loss account, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from unaudited condensed interim consolidated financial information of the Group for the six month period ended June 30, 2020.
- 2.3** These condensed interim consolidated financial statements are unaudited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

3. Significant accounting policies

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

4. SHARE CAPITAL**AUTHORISED SHARE CAPITAL**

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

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

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

5. REVENUE RESERVES

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

6. LONG TERM BORROWINGS - SECURED

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

6.1 Movement during the period / year is as follows:

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

6.2 Movement during the period / year is as follows:

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

| | Un-audited June 30, 2020 | Audited December 31, 2019 |
|--|--------------------------------|---------------------------------|
| | (Rupees '000) | |
| 6.3 Movement during the period / year is as follows: | | |
| Opening balance | 141,625 | 424,875 |
| Draw-downs during the period / year | 41,935 | - |
| Repayments during the period / year | (141,625) | (283,250) |
| Closing balance | 41,935 | 141,625 |
| 6.4 Movement during the period / year is as follows: | | |
| Opening balance | 350,000 | 1,396,429 |
| Draw-downs during the period / year | 2,000,000 | - |
| Repayments during the period / year | (237,500) | (1,046,429) |
| Closing balance | 2,112,500 | 350,000 |
| 7. TRADE AND OTHER PAYABLES | | |
| These include Rs 62,629,466 thousand (December 31, 2019: Rs 61,064,027 thousand) on account of Gas Infrastructure Development Cess (GIDC) payable. The matter is subjudice in the Supreme Court of Pakistan. | | |
| | Un-audited June 30, 2020 | Audited December 31, 2019 |
| 8. SHORT TERM BORROWINGS - SECURED | (Rupees '000) | |
| From conventional banks | 742,948 | 19,803,608 |
| From Islamic banks | 1,007,388 | 2,689,345 |
| | 1,750,336 | 22,492,953 |
| 9. CONTINGENCIES AND COMMITMENTS | | |
| a) Contingencies: | | |
| (i) Guarantees issued by banks on behalf of the Group companies | 4,991,820 | 3,994,314 |
| (ii) Claims against Group and/or potential exposure not acknowledged as debt | 148,022 | 50,696 |
| (iii) Group's share of contingencies in Fauji Fertilizer Bin Qasim Limited | 22,220,696 | 20,889,757 |
| (iv) Group's share of contingencies in Fauji Cement Company Limited as at March 31, 2020 (2019: September 30, 2019) | 128,034 | 120,932 |
| (v) Group's share of contingencies in Askari Bank Limited as at March 31, 2020 (2019: September 30, 2019) | 82,028,692 | 83,015,441 |
| (vi) Penalty of Rs 5,500,000 thousand imposed by the Competition Commission of Pakistan (CCP) in 2013, for alleged unreasonable increase in urea prices, which was set aside by the Competition Appellate Tribunal, in appeal filed by the Company, who also remanded the case back to CCP to decide the case afresh under guidelines provided by the Tribunal. CCP did not challenge this order before the Supreme Court of Pakistan in appeal within the stipulated time, thus making the appeal time barred. However CCP, under the said Tribunal guidelines, may resume proceedings but the Company remains confident of successfully defending these unreasonable claims in future as well. | | |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2020

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

15. SEGMENT INFORMATION

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

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

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

For the six month period ended June 30, 2020

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

17. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

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

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

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

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

For the six month period ended June 30, 2020

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

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

19. NON ADJUSTING EVENTS AFTER REPORTING DATE

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

20. GENERAL

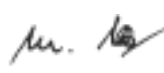
20.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

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

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


Chairman

Chief Executive

Director

Chief Financial Officer

SAY NO TO CORRUPTION



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