



3RD QUARTERLY
REPORT | 2020



FFBL
Fauji Fertilizer Bin Qasim Limited

COMPANY INFORMATION

DIRECTORS

Mr Waqar Ahmed Malik

Chairman

Mr. Sarfaraz Ahmed Rehman

Chief Executive & Managing Director

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

Dr. Nadeem Inayat

Mr Imran Moid

Mr Qamar Haris Manzoor

Mr Mohammad Munir Malik

Mr Rehan Ahmed

Syed Khalid Siraj Subhani

Mr Moeez ur Rehman

Ms Pouruchisty Sidhwa

Ms Saira Nasir

COMPANY SECRETARY

Brig Aamir Hussain Mirza, SI(M), (Retd)

CHIEF FINANCIAL OFFICER

Mr. Muhammad Javed Akhtar

REGISTERED OFFICE

FFBL Tower, C1 / C2, Sector B, Jinnah Boulevard,
Phase II, DHA Islamabad.

Tel: +92 51 8763325, Fax: +92 51 8763304-05

E-mail: secretary@ffbl.com

PLANTSITE

Plot No. EZ/II/P-1 Eastern Zone, Port Qasim, Karachi 75020.

Tel: +92 21 34724500-29, Fax : +92 21 34750704

Email: information@ffbl.com

WEB PRESENCE

www.ffbl.com

BANKERS

Habib Bank Limited

MCB Bank Limited

United Bank Limited

National Bank of Pakistan

Allied Bank Limited

Askari Bank Limited

Faysal Bank Limited

Standard Chartered Bank (Pakistan) Limited

Habib Metropolitan Bank Limited

The First Micro Finance Bank Limited

Soneri Bank Limited

Summit Bank Limited

JS Bank Limited

Samba Bank Limited

Zarai Taraqati Bank Limited

Industrial Bank of China

The Bank of Khyber

Al-Baraka Bank (Pakistan) Limited

Dubai Islamic Bank Pakistan Limited

Bank Islami Pakistan Limited

Meezan Bank Limited

MCB Islamic Bank Limited

Bank Al-Falah Limited

Bank Al-Habib Limited

Silk Bank Limited

The Bank of Punjab

LEGAL ADVISORS

Orr Dignam & Co,
Advocates Marina Heights,
2nd floor, 109 East, Jinnah Avenue,
Blue Area, Islamabad, Pakistan
Tel: (051) 2348645-9

AUDITORS

EY Ford Rhodes,
Eagle Plaza, 75 West,
Fazal-e-Haq Road,
Blue Area, Islamabad .

SHARES REGISTRAR

M/s Corplink (Pvt) Limited,
Wings Arcade, 1-K,
Commercial, Model Town, Lahore.
Tel: (042) 35839182, 35916719
Fax: (042) 35869037

DIRECTORS' REVIEW

FOR THE PERIOD ENDED SEPTEMBER 30, 2020

The Board of Directors is pleased to present a brief overview of the operational and financial performance of the Company for the period ended September 30, 2020.

The outbreak of COVID-19 coupled with locust attacks created extraordinary challenges for agriculture sector of the economy of Pakistan. Implementation of lockdown by the government in March 2020 disrupted fertilizer supply chain in the country. Subsequently, COVID-19 cases have dropped considerably in recent months, prompting the government to generally lift the lockdown and hence the business environment has improved.

By the grace of Almighty, overall performance of the plants remained satisfactory. Production remained in line with capacity and extra Urea production balanced out lower DAP, compared to corresponding period of last year. Ammonia was used for production of Urea, instead of DAP, in order to manage higher opening inventory of DAP.

Financial results

Third quarter 2020 witnessed improved performance by the Company. Sales and gross profit increased significantly versus 2019 primarily on account of increase in volumes and significant reduction in operating as well as finance costs. Consequently, the Company booked a profit after tax of Rs. 3,306 million in the third quarter 2020 versus a loss of Rs. 467 million in the corresponding period of 2019, an improvement of Rs.3,773 million.

The Company also showed improved performance for the nine-month period to September 30, 2020 by achieving higher sales volume and reducing costs, resulting in higher gross profit of Rs. 5,320 million as against Rs. 3,570 million during the same period 2019. Profit after tax and before impairment stood at Rs. 321 million versus loss of Rs 2,418 million in the corresponding period, which did not have impairment. However, during the nine-month period of 2020, provision for impairment loss on investment in FML of Rs. 1,222 million and provision of input sales tax disallowance on sales to unregistered persons of Rs. 604 million negatively impacted the results. Loss after tax stood at Rs. 901 million (LPS Rs. 0.97) on September 30, 2020 against loss of Rs. 2,418 million (LPS Rs. 2.59) in the corresponding period of 2019.

Our subsidiaries have also shown better results during the period. Operational results of FFL improved, returning to post a gross profit of 2.4% in third quarter 2020 against a gross loss of 9.8% in 2019, amid a sales growth of 39% in third quarter. FPCL profits also improved by 13% for the nine months period versus 2019, mainly due to lower finance cost.

The Company posted consolidated net profit of Rs. 24 million as against loss of Rs. 5,135 million in corresponding nine months period due to improved performance across the group.

GIDC

Supreme Court judgment dated August 13, 2020 directed all companies to pay outstanding GIDC in twenty-four equal monthly instalments. The company has filed review petition before the Supreme Court against the said judgment. FFBL has also obtained a stay order from Sindh High Court with respect to the GIDC payment.

Right Issue

FFBL's shareholders approved increase in Authorised Share Capital from Rs. 11 Billion to Rs. 15 Billion, in September 2020. In order to improve the capital structure of the Company, the Board of Directors decided to increase the Paid Up Share Capital from Rs. 9,341,100,000 to Rs. 12,912,528,570, by issue of further 357,142,857 ordinary shares of the Company of Rs. 10 each, to be offered to the shareholders of the Company in proportion to the number of shares held by each shareholder (i.e. as right shares), at a price of Rs. 14 per share (i.e. at a premium of Rs. 4 per share), in the ratio of 38.2335 right shares for every 100 existing ordinary shares of Rs. 10 each held (i.e. 38.2335%).

Future Prospects and Strategic Direction


The Company has been approached by Mari Petroleum Company Limited with a non-binding Expression of Interest to explore the possibility of acquiring FFBL's shareholding in Foundation Wind Energy-I and Foundation Wind Energy-II, subject to due diligence and related approvals. The Board has taken an in-principle decision to enter into discussions with potential acquirers to explore the possibility of divesting FFBL's shareholding in the said investments.

This is the agreed direction which the Company has taken, to explore the possibility of divesting some of the non-core businesses, to release the pressure on the core business and also to improve the liquidity of the Company. This extra liquidity can then be diverted to the benefit of core activity to drive an efficient and profitable business.

The turnaround in quarter three has been encouraging and is the first manifestation of the above agreed strategic direction. However, the future profitability of FFBL in 2020 is still dependent upon adequate gas supply, selling price, outcome of Company's review petition in Supreme Court on GIDC and uncertainties linked to COVID resurgence.

The Company remains in close coordination with Ministry of Petroleum, SSGCL and all other suppliers for continuous gas supplies. Going forward, FFBL expects better results for its stakeholders, through improved sales and margins for the remainder of the year.

For and on behalf of the Board



Waqar Ahmed Malik
Chairman



Sarfaraz Ahmed Rehman
Chief Executive & Managing Director

Islamabad
October 27, 2020

مستقبل کے امکانات

ماری پیٹرولیم کمپنی لمیٹڈ نے فاؤنڈیشن ونڈ انرجی- I اور فاؤنڈیشن ونڈ انرجی II- میں ایف ایف بی ایل کی شیئر ہولڈنگ کے حصول کے امکان کو مد نظر رکھتے ہوئے کمپنی سے رابطہ کیا جو کہ ڈیویڈنڈس اور متعلقہ منظوری سے مشروط ہے۔ مذکورہ سرمایہ کاری سے ایف ایف بی ایل کی شیئر ہولڈنگ کو واپس نکالنے کے امکان کے مد نظر بورڈ نے ممکنہ حصول کنندگان سے بات چیت کرنے کا اصولی فیصلہ کر لیا ہے۔

یہ متفقہ سمت ہے جو کمپنی نے اختیار کی ہے جس کے مطابق کچھ غیر مرکزی کاروباری سرگرمیوں کو ختم کرنے کے امکانات کو تلاش کیا جائے گا کہ مرکزی کاروبار پر دباؤ کو کم کیا جا سکے اور کمپنی کی لیکویڈٹی میں بھی بہتری آئے۔ اس اضافی لیکویڈٹی کو موثر اور منافع بخش مرکزی کاروبار چلانے کے لئے استعمال کیا جاسکے گا۔

تیسری سہ ماہی میں کمپنی کے نتائج حوصلہ افزا رہے ہیں جو کہ مذکورہ متفقہ حکمت عملی کا پہلا مظہر ہے۔ تاہم ، 2020 میں ایف ایف بی ایل کی منافع بخش کارکردگی اب بھی کافی حد تک گیس کی فراہمی ، قیمت فروخت ، جی آئی ڈی سی سے متعلق سپریم کورٹ میں کمپنی کی نظر ثانی درخواست پر فیصلے اور COVID کے دوبارہ پھیلاؤ کی غیر یقینی صورتحال پر منحصر ہے۔

کمپنی گیس کی مسلسل فراہمی کے لئے وزارت پیٹرولیم ، ایس ایس جی سی ایل اور دیگر تمام سپلائرز کے ساتھ قریبی رابطے میں ہے۔ مستقبل میں ایف ایف بی ایل بہتر فروخت اور منافع کے ذریعے اپنے شراکت داروں کیلئے بہتر نتائج کا خواہاں ہے۔

منجانب بورڈ



سرفراز احمد رحمن
چیف ایگزیکٹو مینیجنگ ڈائریکٹر



وقار احمد ملک
چیرمین

اسلام آباد: 27 اکتوبر 2020

بورڈ آف ڈائریکٹرز 30 ستمبر 2020 کو ختم ہونے والی مدت کے لئے کمپنی کی پیداواری اور مالی کارکردگی کا ایک مختصر جائزہ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

COVID-19 کے پھیلاؤ کے ساتھ ساتھ ٹڈی دل کے حملوں نے پاکستانی معیشت کے زرعی شعبے کے لئے غیر معمولی چیلنجز پیدا کر دیئے۔ مارچ 2020 میں حکومت کی جانب سے لاک ڈاؤن کے نفاذ سے ملک میں کھاد کی فراہمی کا سلسلہ متاثر ہوا۔ بعد ازاں ، حالیہ مہینوں میں COVID-19 کے متاثرین میں نمایاں کمی واقع ہوئی ہے ، جس سے حکومت عمومی لاک ڈاؤن بحال کرنے کے قابل ہوئی نتیجتاً کاروباری ماحول میں بہتری آئی ہے۔

اللہ تعالیٰ کے فضل و کرم سے پلانٹس کی مجموعی کارکردگی اطمینان بخش رہی۔ پیداوار گنجانش کے مطابق رہی اور گذشتہ سال کے اسی عرصے کے مقابلے میں ، یوریا کی اضافی پیداوار ڈی اے پی کی کم پیداوار کے ساتھ متوازن رہی۔ ڈی اے پی کی ابتدائی اضافی انونٹری کے منظم استعمال کیلئے امویا کو ڈی اے پی کی بجائے یوریا کی پیداوار کے لئے استعمال کیا گیا ۔

مالی نتائج

تیسری سہ ماہی 2020 میں کمپنی کی کارکردگی میں بہتری دیکھنے میں آئی۔ 2019 کے مقابلے میں فروخت اور مجموعی منافع میں نمایاں اضافہ ہوا جس کی بنیادی وجہ یوریا اور ڈی اے پی کی فروخت کے حجم میں اضافہ اور آپریشنل اور مالی لاگت میں نمایاں کمی تھی۔ 2020 کی تیسری سہ ماہی میں 3,306 ملین روپے کا بعداز ٹیکس خالص منافع ہوا جبکہ 2019 کی اسی سہ ماہی میں نقصان 467 ملین روپے تھا چنانچہ منافع میں 3,773 ملین روپے کی بہتری آئی۔

30 ستمبر 2020 کو ختم ہونے والے نو ماہ کے عرصہ کیلئے، اضافی فروخت اور لاگت میں کمی کے نتیجے میں کمپنی کی کارکردگی بہتر رہی، نتیجتاً 5,320 ملین روپے کا مجموعی منافع حاصل ہوا جبکہ 2019 کے اسی عرصے میں یہ منافع 3,570 ملین روپے تھا۔ بعد از ٹیکس اور امپنیرمنٹ سے پہلے خالص منافع 321 ملین روپے رہا جبکہ 2019 کے اسی عرصے کا نقصان 2,418 ملین روپے تھا جس میں امپنیرمنٹ شامل نہیں تھی۔ تاہم 2020 کے نو ماہ کے عرصہ کے دوران ایف ایم ایل میں سرمایہ کاری پر 1,222 ملین روپے کی امپنیرمنٹ اور غیر رجسٹرڈ افراد کو فروخت پر ان پٹ سیلز ٹیکس کو منہا کرنے کی اجازت نہ ملنے پر 604 ملین روپے کے نقصان نے بھی نتائج پر منفی اثر ڈالا ۔ 30 ستمبر 2020 کو بعد از ٹیکس خالص خسارہ 901 ملین روپے (فی حصص نقصان 0.97 روپے) رہا جبکہ گزشتہ سال کے اسی عرصے میں یہی نقصان 2,418 ملین روپے (فی حصص نقصان 2.59 روپے) تھا۔

ہماری سبسٹریڈرز نے بھی اس مدت کے دوران بہتر نتائج کا مظاہرہ کیا۔ ایف ایف ایل کے آپریشنل نتائج میں بہتری آئی، جس کے باعث 2020 کی تیسری سہ ماہی میں فروخت میں 39 فیصد اضافہ کے ساتھ 2.40 فیصد کا مجموعی منافع حاصل ہوا جبکہ 2019 کے اسی عرصے میں مجموعی نقصان 9.8 فیصد تھا ۔ 2020 میں ایف پی سی ایل کے نو ماہ کے منافع میں 2019 کے اسی عرصے کے مقابلے میں 13 فیصد بہتری آئی جس کی بنیادی وجہ کم مالی لاگت ہے۔

پورے گروپ کی بہتر کارکردگی کی وجہ سے کمپنی نے گزشتہ سال کے نو ماہ کے عرصے کے 5,135 ملین روپے کے نقصان کے مقابلے میں 24 ملین روپے کا خالص منافع حاصل کیا ۔

جی آئی ڈی سی

سپریم کورٹ کے 13 اگست 2020 کے فیصلے میں تمام کمپنیوں کو جی آئی ڈی سی کے بقایا جات چوبیس ماہانہ اقساط میں ادا کرنے کی ہدایت کی گئی تھی۔ منکورہ فیصلے کے خلاف کمپنی نے سپریم کورٹ میں نظر ثانی کی درخواست دائر کر دی ہے۔ ایف ایف بی ایل نے جی آئی ڈی سی کی ادائیگی کے سلسلے میں سندھ ہائی کورٹ سے حکم امتناعی بھی حاصل کر لیا ہے۔

رانٹ شیئرز کا اجرا

ایف ایف بی ایل کے حصص داران نے ستمبر 2020 میں Authorized Share Capital کو 11 ارب روپے سے بڑھا کر 15 ارب روپے کر نے کی منظوری دی تھی۔ کمپنی کے Capital Structure کو بہتر بنانے کیلئے بورڈ آف ڈائریکٹرز نے کمپنی کے 10 روپے فی شیئر مالیت والے Ordinary Shares 357,142,857 روپے سے بڑھا کر 12,912,528,570 روپے کرنے کا فیصلہ کیا ، یہ شیئرز رانٹ شیئرز کی صورت میں کمپنی کے حصص داران کو انکے پاس موجود شیئرز کے تناسب سے دیے جائیں گے، جنکی فی شیئر قیمت 14 روپے (4 روپے پریمیم) ہے جو 10 روپے مالیت کے ہر 100 شیئرز پر 38.2335 رانٹ شیئرز کے تناسب سے دیے جائیں گے (جو کہ 38.2335 فیصد ہے)۔

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

		September 30, 2020 (Un - audited)	December 31, 2019 (Audited)
	Note	(Rupees '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	5	9,341,100	9,341,100
Capital reserve		228,350	228,350
Revenue reserve			
Accumulated loss		(3,636,939)	(2,735,489)
		5,932,511	6,833,961
NON-CURRENT LIABILITIES			
Long-term loans	6	10,889,587	13,791,667
Deferred liabilities	7	1,414,004	1,578,651
		12,303,591	15,370,318
CURRENT LIABILITIES			
Trade and other payables		41,245,948	34,993,385
Advances from customers		1,100,724	83,309
Unpaid dividend		10,954	10,954
Unclaimed dividend		117,110	118,640
Accrued interest		571,193	962,251
Short-term borrowings		22,210,150	28,227,084
Current portion of long-term loans	6	6,468,746	4,566,667
		71,724,825	68,962,290
		89,960,927	91,166,569
CONTINGENCIES AND COMMITMENTS			
	8		

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.

		September 30, 2020 (Un - audited)	December 31, 2019 (Audited)
	Note	(Rupees '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	10,244,576	10,427,911
Long-term investments	10	27,406,358	26,179,751
Long-term loans	11	500,000	3,130,000
Long-term advances		-	18,385
Long-term deposits		78,643	78,643
		38,229,577	39,834,690
CURRENT ASSETS			
Stores and spares		2,747,432	2,988,584
Stock-in-trade		13,678,192	14,756,054
Trade debts		5,800,919	8,606,885
Advances		739,211	923,231
Current portion of long-term loans	11	2,059,372	-
Trade deposits and short-term prepayments		137,020	132,688
Interest accrued		397,049	247,867
Other receivables	12	7,963,223	6,004,866
Income tax refundable - net		2,090,104	2,651,366
Sales tax refundable		7,620,722	8,716,968
Short-term investments	13	-	1,009,029
Cash and bank balances		8,299,194	5,294,341
		51,532,438	51,331,879
Non-current asset held for sale	14	198,912	-
		89,960,927	91,166,569



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



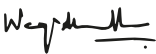
CHIEF FINANCIAL OFFICER

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

FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Note	Quarter ended September 30,		Nine months ended September 30,	
		2020	2019	2020	2019
		(Rupees '000)		(Rupees '000)	
Sales - net	15	25,180,161	22,145,957	49,961,864	43,643,456
Cost of sales	16	(21,232,127)	(19,870,129)	(44,641,936)	(40,073,366)
Gross profit		3,948,034	2,275,828	5,319,928	3,570,090
Selling and distribution expenses		(1,572,337)	(1,806,332)	(3,533,850)	(3,696,466)
Administrative expenses		(319,098)	(385,031)	(905,063)	(1,007,641)
		2,056,599	84,465	881,015	(1,134,017)
Finance costs		(811,323)	(1,433,177)	(3,537,635)	(3,558,628)
Other expenses		133,526	423,202	(1,450,542)	(597,321)
		1,378,802	(925,510)	(4,107,162)	(5,289,966)
Other income	17	2,544,363	2,054,500	4,230,339	3,985,281
Profit / (loss) before taxation		3,923,165	1,128,990	123,177	(1,304,685)
Taxation - net	18	(616,727)	(1,595,752)	(1,024,627)	(1,113,198)
Profit / (loss) after taxation		3,306,438	(466,762)	(901,450)	(2,417,883)
Earning / (loss) per share - basic and diluted (Rupees)		3.54	(0.50)	(0.97)	(2.59)

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



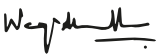
CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Quarter ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	(Rupees '000)		(Rupees '000)	
Profit / (loss) after taxation	3,306,438	(466,762)	(901,450)	(2,417,883)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss)	3,306,438	(466,762)	(901,450)	(2,417,883)

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR

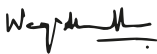


CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Share capital	Capital reserve	Accumulated profit / (loss)	Total
	(Rupees '000)			
Balance as at January 01, 2019 - audited	9,341,100	228,350	4,328,006	13,897,456
Total comprehensive income				
Loss after taxation for the period	-	-	(2,417,883)	(2,417,883)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(2,417,883)	(2,417,883)
Transactions with owners, recorded directly in equity				
Distributions to owners				
Final dividend 2018 (Re. 1 per ordinary share)	-	-	(934,110)	(934,110)
Total transactions with owners	-	-	(934,110)	(934,110)
Balance as at September 30, 2019	9,341,100	228,350	976,013	10,545,463
Balance as at January 01, 2020 - audited	9,341,100	228,350	(2,735,489)	6,833,961
Total comprehensive income				
Loss after taxation for the period	-	-	(901,450)	(901,450)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	-	-	(901,450)	(901,450)
Balance as at September 30, 2020	9,341,100	228,350	(3,636,939)	5,932,511

The annexed notes from 1 to 22 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 PERIOD ENDED SEPTEMBER 30, 2020

	2020	2019
Note	(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from / (used in) operating activities	19 12,590,985	(11,599,568)
Income tax paid	(649,550)	(961,616)
Finance costs paid	(3,928,693)	(2,865,280)
Payment to gratuity fund	(57,797)	(77,059)
Compensated absences paid	(33,718)	(26,224)
Payment to Workers' (Profit) Participation Fund	-	(10,954)
Net cash generated from / (used in) operating activities	7,921,227	(15,540,701)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(522,400)	(1,782,834)
Long-term investment	131,707	-
Long-term advances	18,385	87,552
Sale proceeds from disposal of property, plant and equipment	69,469	45,756
Dividend received	3,075,710	3,120,071
Short-term investments	9,212	5,406,893
Long-term loans disbursed	(2,059,372)	(2,850,000)
Profit received on bank balances, term deposits and sub-ordinated loans	379,380	544,122
Net cash generated from investing activities	1,102,091	4,571,560
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing receipt	2,450,000	4,275,000
Long-term financing payment	(3,450,001)	(4,500,000)
Short-term borrowings - net	(4,998,006)	4,500,000
Dividend paid	(1,530)	(932,487)
Net cash (used in) / generated from financing activities	(5,999,537)	3,342,513
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	3,023,781	(7,626,628)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	(8,982,750)	366,092
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	(5,958,969)	(7,260,536)
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the condensed interim statement of cash flows comprise the following condensed interim statement of financial position amounts:		
- Cash and bank balances	8,299,194	6,649,821
- Short-term highly liquid investments	-	1,600,000
- Short-term running finance	(14,258,163)	(15,510,357)
	(5,958,969)	(7,260,536)

The annexed notes from 1 to 22 form an integral part of these condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

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

FOR THE PERIOD ENDED SEPTEMBER 30, 2020

1 THE COMPANY AND ITS OPERATIONS

Fauji Fertilizer Bin Qasim Limited ("the Company") is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). The shares of the Company are quoted on the Pakistan Stock Exchange. The registered office of the Company is situated at FFBL Tower, C1/C2, Sector B, Jinnah Boulevard, DHA II, Islamabad. The principal objective of the Company is manufacturing, purchasing and marketing of fertilizers. The Company commenced its commercial production on January 1, 2000.

2 BASIS OF PREPARATION

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.

The disclosures in these condensed interim financial statements do not include the information reported for complete annual financial statements and should therefore be read in conjunction with the financial statements for the year ended December 31, 2019. The comparative Statement of Financial Position is extracted from the annual financial statements, as of December 31, 2019, whereas the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity are extracted from the un-audited condensed interim financial statements, for the period ended September 30, 2019.

These condensed interim financial statements are unaudited and are being submitted to the members, as required under Section 237 of the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019. The condensed interim consolidated financial statements of the Company are prepared separately.

In these condensed interim financial statements, the investments in subsidiaries and associates are accounted for on the basis of direct equity interest at cost, rather than on the basis of reported results.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are similar to those applied in the preparation of the financial statements for the preceding year, ended December 31, 2019.

4 IMPACT OF COVID-19

On January 31, 2020, the World Health Organization (WHO) announced a global health emergency due to Corona virus. Because of the rapid increase in exposure globally, on March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The Government of Pakistan imposed restrictions on movement temporarily. The Company has adopted the required regulations. The plant operations remained broadly unaffected and there has been no significant effect on sales. Accordingly, till date there has been no effects on Company's financial as well as operational results. Management is also not expecting any significant disruptions in the future. Management of the Company, however, continue to evaluate its effect till the date of authorization of these financial statements for current and next year.

5 SHARE CAPITAL

5.1 Pursuant to Extraordinary General Meeting held on September 09, 2020, the authorized share capital of the Company has been increased from Rs. 11,000,000,000 (1,100,000,000 shares of Rs. 10 each) to Rs. 15,000,000,000 (1,500,000,000 shares of Rs. 10 each).

5.2 The status of significant shareholdings, as at September 30, 2020, are given below:

	No. of Shares	Percentage (%)
Fauji Fertilizer Company Limited	465,891,896	49.88
Fauji Foundation	170,842,386	18.29

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

		September 30, 2020 (Un - audited)	December 31, 2019 (Audited)
	Note	(Rupees '000)	
6	LONG-TERM LOANS		
	Loans from banking companies-secured	17,358,333	18,358,334
	Less: Current portion shown under current liabilities	6,468,746	4,566,667
		<u>10,889,587</u>	<u>13,791,667</u>
7	DEFERRED LIABILITIES		
	Compensated leave absences	578,276	556,737
	Deferred taxation	7.1 835,728	1,021,914
		<u>1,414,004</u>	<u>1,578,651</u>
7.1	The balance of deferred tax is in respect of the following taxable / (deductible) temporary differences:		
	Accelerated tax depreciation	1,523,045	1,511,560
	Provision for inventory obsolescence	(52,276)	(38,003)
	Allowance of expected credit loss against other receivables	(57,116)	(57,116)
	Unabsorbed depreciation	(577,925)	(394,527)
		<u>835,728</u>	<u>1,021,914</u>
8	CONTINGENCIES AND COMMITMENTS		
	Contingencies		
	i) Guarantees issued by banks on behalf of the Company	59,409	53,409
	Commitments		
	i) Capital expenditure - contracted	217,392	400,541
	ii) Letters of credit for purchase of stores, spares and raw materials	1,149,705	763,244
9	PROPERTY, PLANT AND EQUIPMENT		
	Opening written down value	10,427,911	9,747,537
	Additions during the period / year	522,400	2,359,566
	Cost of disposals during the period / year	(425,756)	(122,592)
	Depreciation charged during the period / year	(694,273)	(1,667,495)
	Accumulated depreciation on disposals during the period / year	414,294	110,895
		<u>10,244,576</u>	<u>10,427,911</u>
10	LONG-TERM INVESTMENTS		
	Joint venture	10.1 1,411,150	1,411,150
	Associated companies	10.2 7,691,556	7,991,556
	Subsidiary companies	10.3 18,303,652	16,777,045
	Other long-term investments	10.4 -	-
		<u>27,406,358</u>	<u>26,179,751</u>

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

FOR THE PERIOD ENDED SEPTEMBER 30, 2020

		September 30, 2020 (Un - audited)	December 31, 2019 (Audited)
	Note	(Rupees '000)	
10.1	Investment in joint venture - at cost		
	Pakistan Maroc Phosphore S.A, Morocco	1,411,150	1,411,150
10.2	Investments in associates - at cost		
	Quoted		
	Fauji Cement Company Limited	-	300,000
	Askari Bank Limited	5,230,991	5,230,991
	Un-quoted		
	Foundation Wind Energy - I Limited	1,225,873	1,225,873
	Foundation Wind Energy - II Limited	1,234,692	1,234,692
		7,691,556	7,991,556
10.3	Investments in subsidiaries - at cost		
	Quoted		
	Fauji Foods Limited		
	Gross value	7,421,766	4,672,902
	Impairment in value of investment	(420,000)	(420,000)
		7,001,766	4,252,902
	Un-quoted		
	Fauji Meat Limited		
	Gross value	6,885,000	6,885,000
	Impairment in value of investment	(2,322,257)	(1,100,000)
		4,562,743	5,785,000
	FFBL Foods Limited	298,518	298,518
	FFBL Power Company Limited	6,440,625	6,440,625
		18,303,652	16,777,045
10.4	Investment - available for sale - unquoted		
	Arabian Sea Country Club Limited (ASCCL)		
	300,000 ordinary shares of Rs.10 each	3,000	3,000
	Less: Impairment in value of investment	3,000	3,000
		-	-

10.5 Pursuant to the approval by the members of the Company, in the Annual General Meeting (AGM) of the Company, held on March 30, 2020, the Company communicated its intention, to the Board of Directors of FFL, to exercise the option to convert its sub-ordinated loan and related accrued mark-up, as of December 31, 2019, amounting to Rs. 2,630,000 thousand and Rs. 118,864 thousand, respectively, into 274,886,371 ordinary shares of FFL, at their face value. Accordingly, FFL, after completing the necessary regulatory requirements and pursuant to approval of their members in its AGM held on April 02, 2020, has allocated 274,886,371 ordinary shares to the Company, on July 15, 2020.

10.6 Impairment charge on investment in Fauji Meat Limited (FML)

As at the reporting date, the Company performed an impairment test for its investment in FML. The Company has determined recoverable amount of FML, based on a value-in-use calculation, which was lower than the carrying amount of the investment in the Company's financial statements due to challenging trading and economic conditions, affecting FML's domestic and export markets. Accordingly, an impairment charge of

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

Rs. 1,222 million has been recognized in the statement of profit or loss, as 'Other Expenses'. Value-in-use was estimated using probability weighted cash flow projections, covering a six-year period. The pre-tax risk adjusted discount rate and the long-term market growth-rate applied to cash flow projections is 11% (2019: 15.76%) and 3% (2019: 2.75%), respectively, both of which are inherently uncertain. The cash flow projections are sensitive to assumptions regarding the sales growth rate, operating margin, long-term market growth-rate and discount rate. These assumptions are based upon the Company's past experience and plans for the future periods, and are consistent with the external sources of information.

		September 30, 2020	December 31, 2019
		(Un - audited)	(Audited)
	Note	(Rupees '000)	
11	LONG-TERM LOANS		
	Related parties		
	Fauji Meat Limited	11.1	863,000
	Fauji Foods Limited	11.2	500,000
		2,559,372	2,630,000
		2,059,372	3,130,000
	Less: Current portion shown under current assets	2,059,372	-
		500,000	3,130,000
11.1	The outstanding amount of Subordinated loan consists of:		
	- Rs. 363 million disbursed during the period, payable within 1 year from date of disbursement of each respective tranche, commencing from June 22, 2021. The total limit of loan to FML, approved in the Company's annual general meeting, on March 30, 2020, is Rs. 3,000 million (unless otherwise utilized). The loan carries mark-up at the rate which is higher of the Company's borrowing cost or KIBOR for the relevant period plus 1.5%, per annum, on the terms set out in the agreement and in compliance with the requirements of section 199 of Companies Act, 2017; and		
	- Rs. 500 million, payable within 5 years from date of disbursement of each respective tranche, commencing from March 20, 2024. The loan carries mark-up at the rate which is higher of the Company's borrowing cost or KIBOR for the relevant period plus 0.5%.		
	The Company has the right, as and when desired by the Board of Directors, to convert all or part of these outstanding loans (including mark-up accrued thereon) into the ordinary shares of FML by written notice to FML, subject to approval of Securities and Exchange Commission of Pakistan and fulfillment of other regulatory requirements.		
11.2	This represents amount disbursed during the period, payable within 1 year from date of disbursement of each respective tranche, commencing April 22, 2021. The total limit of cash loan to FFL, approved in the Company's annual general meeting, on March 30, 2020, is Rs. 2,500 million (unless otherwise utilized), out of total financial support of Rs. 4,500 million. The loan carries mark-up at the rate which is higher of the Company's borrowing cost or KIBOR for the relevant period plus 1.5%, per annum, on the terms set out in the agreement and in compliance with the requirements of section 199 of Companies Act, 2017. The Company has the right, as and when desired by the Board of Directors, to convert all or part of these outstanding loans (including mark-up accrued thereon) into the ordinary shares of FFL by written notice to FFL, subject to approval of Securities and Exchange Commission of Pakistan and fulfillment of other regulatory requirements.		
12	OTHER RECEIVABLES		
	This includes an amount of Rs. 4,733 million (December 31, 2019: Rs. 2,886 million) receivable from Fauji Fertilizer Company Limited (FFCL), an associated company, on account of amounts received from customers against sales of the Company's products by FFCL under an inter-company services agreement.		
		September 30, 2020	December 31, 2019
		(Un - audited)	(Audited)
		(Rupees '000)	
13	SHORT-TERM INVESTMENTS		
	At amortized cost		
	Term deposits with banks and financial institutions	-	1,000,000
	Investments at fair value through profit or loss		
	Mutual funds	-	9,029
		-	1,009,029

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

14 NON-CURRENT ASSET HELD FOR SALE

The Board of Directors of the Company approved the plan to dispose-off all of its shareholding in Fauji Cement Company Limited (FCL) through open market. Pursuant to this decision, the Company has disposed-off 6,318,000 shares at average price of Rs. 20.81 per share; resulting in a gain of Rs. 30,619 thousand. The sale of remaining 12,432,000 shares is expected to be completed within 1 year from the reporting date. Accordingly, as of September 30, 2020, the Company has classified its residual investment as held for sale.

	Note	Quarter ended September 30,		Nine months ended September 30,	
		2020	2019	2020	2019
		(Rupees '000)		(Rupees '000)	
15 SALES - NET					
Gross sales		25,698,709	22,607,185	51,120,126	44,751,310
Less:					
Sales tax		509,786	453,923	1,018,593	877,182
Trade discount		-	-	120,573	215,045
Commission	15.1	8,762	7,305	19,096	15,627
		518,548	461,228	1,158,262	1,107,854
		25,180,161	22,145,957	49,961,864	43,643,456

15.1 Commission is paid at the rate of Re. 1 per bag sold by Fauji Fertilizer Company Limited, based on an inter-company services agreement.

	Note	Quarter ended September 30,		Nine months ended September 30,	
		2020	2019	2020	2019
		(Rupees '000)		(Rupees '000)	
16 COST OF SALES					
Raw materials consumed		12,609,794	15,096,106	28,876,419	38,833,523
Packing materials consumed		210,541	230,886	550,179	602,710
Fuel and power		2,366,113	3,156,939	7,933,042	8,414,970
Chemicals and supplies consumed		63,362	60,517	173,065	159,387
Salaries, wages and benefits		413,179	407,284	1,255,814	1,038,090
Rent, rates and taxes		15,000	22,894	94,459	64,238
Insurance		37,044	53,623	144,127	86,685
Travel and conveyance		25,182	33,749	76,358	102,183
Repairs and maintenance		204,536	170,185	805,737	961,491
Communication, establishment and other expenses		35,962	32,452	155,161	75,688
Provision for slow moving stores		21,000	-	56,000	-
Provision for sales tax		300,000	-	604,684	-
Depreciation		193,540	372,719	581,006	1,096,788
Opening stock - work in process		61,730	45,665	194,733	95,760
Closing stock - work in process		(29,931)	(67,137)	(29,931)	(67,137)
Cost of goods manufactured		16,527,052	19,615,882	41,470,853	51,464,376
Opening stock - finished goods		13,246,355	14,461,432	11,712,363	2,816,175
Closing stock - finished goods		(8,541,280)	(14,207,185)	(8,541,280)	(14,207,185)
Cost of sales		21,232,127	19,870,129	44,641,936	40,073,366

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Quarter ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	(Rupees '000)		(Rupees '000)	
17 OTHER INCOME				
Profit on bank balances and term deposits	90,999	183,601	354,391	428,082
Gain / dividend from mutual funds	-	807	380	130,921
Gain on disposal / dividend from FCCL	30,619	14,062	30,619	28,125
Dividend from PMP	21,494	(17,238)	671,290	746,784
Dividend from FWEL-I & FWEL-II	-	-	-	175,000
Dividend from AKBL	-	-	407,826	271,884
Dividend from FPCL	1,996,594	1,610,156	1,996,594	1,610,156
Income from subsidiaries	203,199	16,488	244,672	49,455
Mark-up on sub-ordinated loans-FFL	31,837	44,397	214,840	60,669
Mark-up on sub-ordinated loans-FML	17,383	118,789	51,672	294,497
Guarantee fee-FML	3,781	-	7,603	-
Guarantee fee-FFL	9,271	-	18,723	-
Scrap sale and other receipts	79,231	68,655	173,722	151,968
Gain on disposal of property, plant & equipment	59,955	14,783	58,007	37,740
	2,544,363	2,054,500	4,230,339	3,985,281
18 TAXATION - NET				
Current tax	680,416	573,357	1,210,812	1,076,010
Deferred tax	(63,689)	1,022,395	(186,185)	37,188
	616,727	1,595,752	1,024,627	1,113,198

	Nine months ended September 30,	
	2020	2019
	(Rupees '000)	
19 CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit / (loss) before taxation	123,177	(1,304,685)
Adjustment for non-cash charges and other items:		
Provision for gratuity	50,421	48,881
Exchange losses	225,868	595,786
Provision for compensated absences	55,257	72,067
Provision for sales tax	604,684	-
Provision for slow moving stores	56,000	-
Impairment charge on investment	1,222,257	-
Depreciation	694,273	1,239,882
Finance costs	3,537,635	3,558,628
Dividend from joint venture	(671,290)	(746,784)
Dividend from associates	(407,826)	(475,009)
Dividend from subsidiary	(1,996,594)	(1,610,156)
Gain on disposal of investment	(30,619)	-
Profit on bank balances and term deposits	(354,771)	(559,003)
Gain on disposal of property, plant and equipment	(58,007)	(37,740)
Mark-up on sub-ordinated loans	(266,512)	(355,166)
Guarantee fee	(26,326)	-
Operating profit before working capital changes	2,757,627	426,701

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Nine months ended September 30,	
	2020	2019
	(Rupees '000)	
Changes in working capital:		
Stores and spares	185,152	(48,697)
Stock-in-trade	1,077,862	(11,655,816)
Trade debts	2,805,966	(344,999)
Advances	184,020	(180,891)
Trade deposits and short-term prepayments	(4,332)	(161,182)
Other receivables	(1,958,357)	(1,949,638)
Sales tax refundable	491,562	(3,123,745)
Trade and other payables	7,051,485	5,438,699
	9,833,358	(12,026,269)
Cash generated from / (used in) operations	12,590,985	(11,599,568)

20 RELATED PARTY TRANSACTIONS

The Company has related parties which comprise of subsidiaries, a joint venture, entities under common directorship, directors, key management personnel, share holders and employees funds. Fauji Fertilizer Company Limited (FFCL) has a 49.88% share holding in the Company (2019: 49.88%), while Fauji Foundation (FF) holds 18.29% shares (2019: 18.29%) in the Company. Transactions with related parties and balances outstanding, other than those have been disclosed elsewhere in these condensed interim financial statements are given below. The carrying values of investments, balance receivable and loans to related parties are disclosed in note 10, 11 and 12 to these condensed interim financial statements.

	Nine months ended September 30,	
	2020	2019
	(Rupees '000)	
Transactions with Fauji Foundation:		
Dividend paid	-	170,842
Services provided	119	3,738
Contribution paid for Youm-e-Shohada and Defence Day	-	6,000
Transactions with subsidiary companies:		
Fauji Meat Limited		
Balance receivable	26,085	5,173 *
Material / services provided	21,823	7,178
Receipts against material / services	911	7,178
Guarantee fee	7,603	-
Mark-up on sub-ordinated loan	51,672	294,497
Mark-up and guarantee fee receivables on sub-ordinated loan	156,942	97,667 *
Receipts against mark-up on sub-ordinated loan	-	62,129
FFBL Power Company Limited		
Material / services provided	557,800	408,056
Material / services received	7,279,649	7,595,123
Balance payable	4,168,874	874,912 *
Balance receivable	205,556	108,781 *
Receipts against material / services	481,795	399,340
Payments against material / services	5,182,487	9,259,104
Dividend received	1,996,594	1,610,156

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Nine months ended September 30,	
	2020	2019
	(Rupees '000)	
Fauji Foods Limited		
Material / services provided	16,574	2,173
Expenses incurred on behalf of FFBL	4,177	-
Receipts against material / services	3,353	2,173
Receivable against material / services	9,045	-
Guarantee fee	18,723	-
Mark-up and guarantee fee receivables on sub-ordinated loan	214,840	60,669
Mark-up receivables on sub-ordinated loan	233,563	118,864
FFBL Foods Limited		
Expenses incurred	772	556
Non-Capex purchased	-	77
Payment during period	-	21
Receipts during period	772	500
Transactions with associates:		
Fauji Fertilizer Company Limited		
Services and material acquired	1,095,860	843,332
Services and material provided	1,022	1,605
Receipts under consignment account	52,290,398	41,800,136
Commission charged	19,096	15,627
Balance receivable	4,732,726	2,885,789
Dividend paid	-	465,892
Askari Bank Limited		
Balances at bank	1,414,793	337,116
Profit on bank balances	145,051	102,313
Long-term loans	416,667	500,000
Mark-up on long-term loans	46,917	40,361
Mark-up payable on long-term loans	267	18,740
Dividend received	407,826	271,884
Fauji Cement Company Limited		
Dividend received	-	28,125
Foundation Wind Energy - I Limited & Foundation Wind Energy - II Limited		
Dividend received	-	175,000

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Nine months ended September 30,	
	2020	2019
	(Rupees '000)	
Transactions with joint venture:		
Pakistan Maroc Phosphore S.A, Morocco		
Purchase of raw materials	23,592,490	29,789,585
Expenses incurred on behalf of joint venture	3,647	17,801
Balance payable at the period end - secured	9,349,057	6,593,346 *
Balance receivable at the period end - unsecured	9,465	9,231 *
Dividend received	671,290	746,784
Other related parties:		
Contribution to Provident Fund	55,142	55,048
Payment to gratuity fund	57,797	77,059
Payment to Workers' (Profit) Participation Fund	-	10,954
Remuneration of key management personnel	129,478	183,046
Meeting fee to directors	6,225	5,175
Balance payable to Workers' Welfare Fund	561,622	561,622 *
Payable to Gratuity Fund	271,037	278,413 *

* These balance of accounts, appearing as comparatives, are as at December 31, 2019 (audited).

In addition to the above:

- a ranking charge amounting to US\$ 91,456,667 and Rs. 4,000 million (2019: US\$ 91,456,667 and Rs. 4,000 million) has been registered on the assets of the Company, in respect of project financing arranged by Foundation Wind Energy-I Limited.
- a ranking charge amounting to US\$ 89,146,667 and Rs. 4,000 million (2019: US\$ 89,146,667 and Rs. 4,000 million) has been registered on the assets of the Company, in respect of project financing arranged by Foundation Wind Energy-II Limited.
- the Company has issued standby letter of credit amounting to Rs. 934 million in favor of the FML under the Diminishing Musharaka Agreement.
- the Company has provided sponsor support, to lenders of project financing arranged by FPCL, to fund any shortfall, to the extent FPCL is unable to fulfill its financial obligations:
 - (i) up to Rs. 29,150 million (2019: Rs. 29,150 million) and all cost over runs, till technical completion date; and
 - (ii) up to Rs. 8,000 million after project completion date.
- the Company has committed to provide collateral or other sponsor support to FML, the total limit of such facility approved in the Company's annual general meeting, on March 30, 2020, is disclosed in note 11.1. During the period, the Company provided sponsor support in the form of corporate guarantee amounting to Rs. 1,000 million.
- the Company has committed to provide collateral or other sponsor support to FFL, the total limit of such facility approved in the Company's annual general meeting, on March 30, 2020, is disclosed in note 11.2. During the period, the Company provided sponsor support in the form of cash collateral for FFL with various banking institutions, aggregating to Rs. 2,300 million.

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

FOR THE PERIOD ENDED SEPTEMBER 30, 2020

21 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

21.1 Financial risk factors

The Company's activities expose it to a variety of financial risks including market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

There have been no changes in the risk management policies during the period; consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

21.2 Fair value estimation

The table below analyzes financial instruments carried at fair value by the valuation method. The different levels have been defined as follows:

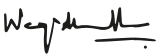
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (level 3)

	Level 1	Level 2	Level 3
	(Rupees' 000)		
September 2020 - un-audited			
ASSETS			
Financial assets at fair value through profit or loss			
- Short-term investments	-	-	-
December 2019 - audited			
ASSETS			
Financial assets at fair value through profit or loss			
- Short-term investments	9,029	-	-

22 GENERAL

22.1 Figures have been rounded off to the nearest thousand rupees.

22.2 These condensed interim financial statements were authorized for issue on October 27, 2020 by the Board of Directors of the Company.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS

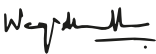
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

		September 30, 2020 (Un - audited)	December 31, 2019 (Audited)
	Note	(Rupees '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	5	9,341,100	9,341,100
Capital reserve		228,350	228,350
Statutory reserve		1,735,925	1,329,299
Revenue reserves			
Translation reserve		3,368,322	2,866,785
Revaluation reserve on available for sale investments, net of tax		511,537	(744,310)
Accumulated loss		(5,804,154)	(3,875,066)
		9,381,080	9,146,158
Non-Controlling Interest			
		2,461,303	1,582,983
		11,842,383	10,729,141
NON-CURRENT LIABILITIES			
Long-term loans	6	27,009,225	31,899,500
Finance lease liability		493,686	541,905
Deferred liabilities	7	3,839,129	3,641,252
		31,342,040	36,082,657
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables		40,334,293	36,638,874
Advances from customers		1,197,118	193,815
Unpaid dividend		10,954	10,954
Unclaimed dividend		118,076	119,606
Accrued interest		974,096	1,520,388
Short-term borrowings		35,324,277	39,598,125
Current portion of long-term loans	6	11,549,860	8,951,344
Current portion of finance lease liability		120,541	183,998
		89,629,215	87,217,104
		132,813,638	134,028,902
CONTINGENCIES AND COMMITMENTS			
	8		

The annexed notes, from 1 to 22, form an integral part of these condensed interim consolidated financial statements.

		September 30, 2020 (Un - audited)	December 31, 2019 (Audited)
	Note	(Rupees '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	50,140,354	50,960,138
Intangible assets		442,268	419,534
Long-term investments	10	23,600,602	20,238,869
Long-term advances		-	18,385
Long-term deposits		85,249	85,249
		74,268,473	71,722,175
CURRENT ASSETS			
Stores and spares		3,485,306	3,707,246
Stock-in-trade		15,672,763	17,137,919
Trade debts		7,995,517	10,411,213
Advances		1,242,490	1,265,006
Trade deposits and short-term prepayments		340,228	296,119
Interest accrued		6,787	42,428
Other receivables	11	7,875,069	6,089,123
Income tax refundable - net		3,853,760	4,360,559
Sales tax refundable		8,892,246	9,793,750
Short-term investments	12	20,604	1,409,029
Cash and bank balances		8,913,247	7,794,335
		58,298,017	62,306,727
Non-current asset held for sale	13	247,148	-
		132,813,638	134,028,902



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Note	Quarter ended September 30,		Nine months ended September 30,	
		2020	2019	2020	2019
		(Rupees '000)		(Rupees '000)	
Sales - net	14	29,431,687	25,899,710	60,915,183	54,380,377
Cost of sales	15	(23,689,784)	(21,897,646)	(50,330,916)	(46,092,735)
Gross profit		5,741,903	4,002,064	10,584,267	8,287,642
Selling and distribution expenses		(1,845,473)	(2,292,299)	(4,344,961)	(5,273,242)
Administrative expenses		(483,323)	(655,024)	(1,401,747)	(1,639,965)
		3,413,107	1,054,741	4,837,559	1,374,435
Finance costs		(1,638,715)	(2,611,572)	(6,782,870)	(6,879,021)
Other operating expenses		45,428	305,803	(406,946)	(730,911)
		1,819,820	(1,251,028)	2,352,257	(6,235,497)
Other income	16				
Share of profit of joint venture and associates - net		1,838,514	1,121,207	2,887,798	1,827,377
Others		311,499	395,453	794,094	984,811
		2,150,013	1,516,660	3,681,892	2,812,188
Profit / (loss) before taxation		3,969,833	265,632	1,329,635	(3,423,309)
Taxation - net	17	(723,248)	(1,895,741)	(1,305,222)	(1,711,251)
Profit / (loss) after taxation		3,246,585	(1,630,109)	24,413	(5,134,560)
Attributable to:					
- Owners of the Holding Company		3,225,943	(1,317,169)	346,694	(4,069,084)
- Non-controlling interest		20,642	(312,940)	(322,281)	(1,065,476)
		3,246,585	(1,630,109)	24,413	(5,134,560)
Earning / (loss) per share - basic and diluted (Rupees)		3.45	(1.41)	0.37	(4.36)

The annexed notes, from 1 to 22, form an integral part of these condensed interim consolidated financial statements.



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CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Quarter ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	(Rupees '000)		(Rupees '000)	
Profit / (loss) after taxation	3,246,585	(1,630,109)	24,413	(5,134,560)
Other comprehensive income / (loss)				
Exchange difference on translating a joint venture	319,069	972,156	475,529	1,480,560
Effect of translation - share of associate	4,540	32,230	26,008	36,210
Revaluation reserve on available for sale investments	682,851	(158,209)	1,477,467	(594,756)
Related deferred tax	(102,428)	23,731	(221,620)	89,213
	580,423	(134,478)	1,255,847	(505,543)
Total comprehensive income / (loss)	4,150,617	(760,201)	1,781,797	(4,123,333)
Attributable to:				
- Owners of the Holding Company	4,129,975	(447,261)	2,104,078	(3,057,857)
- Non-controlling interest	20,642	(312,940)	(322,281)	(1,065,476)
	4,150,617	(760,201)	1,781,797	(4,123,333)

The annexed notes, from 1 to 22, form an integral part of these condensed interim consolidated financial statements.



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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Share capital	Capital reserve	Revaluation reserve on available for sale investments	Reserves		Accumulated Profit / (loss)	Non-controlling interest	Total
				Statutory reserve	Translation reserve			
(Rupees '000)								
Balance as at January 01, 2019 - audited	9,341,100	228,350	(481,495)	1,050,097	1,688,216	4,383,873	3,826,318	20,036,459
Total comprehensive income								
Loss for the period after taxation	-	-	-	-	-	(4,069,084)	(1,065,476)	(5,134,560)
Other comprehensive income for the period	-	-	(505,543)	-	1,516,770	-	-	1,011,227
Total comprehensive loss for the period	-	-	(505,543)	-	1,516,770	(4,069,084)	(1,065,476)	(4,123,333)
Transfer to statutory reserve	-	-	-	225,172	-	(225,172)	-	-
Transactions with owners, recorded directly in equity								
Distributions to owners								
Final dividend 2018 (Rs. 1 per ordinary share)	-	-	-	-	-	(934,110)	-	(934,110)
FPCL dividend 2019 (Rs. 2.5 per ordinary share)	-	-	-	-	-	-	(536,719)	(536,719)
Total transactions with owners	-	-	-	-	-	(934,110)	(536,719)	(1,470,829)
Balance as at September 30, 2019	9,341,100	228,350	(987,038)	1,275,269	3,204,986	(844,493)	2,224,123	14,442,297
Balance as at January 01, 2020 - audited	9,341,100	228,350	(744,310)	1,329,299	2,866,785	(3,875,066)	1,582,983	10,729,141
Total comprehensive income								
Profit for the period after taxation	-	-	-	-	-	346,694	(322,281)	24,413
Other comprehensive income for the period	-	-	1,255,847	-	501,537	-	-	1,757,384
Total comprehensive income for the period	-	-	1,255,847	-	501,537	346,694	(322,281)	1,781,797
Transfer to statutory reserve	-	-	-	406,626	-	(406,626)	-	-
Transactions with owners, recorded directly in equity								
Distributions to owners								
FPCL dividend 2020 (Rs. 3.1 per ordinary share)	-	-	-	-	-	-	(665,531)	(665,531)
Acquisition of NCI share (note 5.3)	-	-	-	-	-	(1,869,156)	1,866,132	(3,024)
Balance as at September 30, 2020	9,341,100	228,350	511,537	1,735,925	3,368,322	(5,804,154)	2,461,303	11,842,383

The annexed notes, from 1 to 22, form an integral part of these condensed interim consolidated financial statements.



CHAIRMAN



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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

		2020	2019
	Note	(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operating activities	18	14,823,719	(8,203,954)
Income tax paid		(848,011)	(1,145,053)
Payment to gratuity fund		(55,189)	(94,329)
Finance cost paid		(7,296,870)	(5,912,737)
Compensated absences paid		(37,731)	(45,169)
Payment to Workers Welfare Fund		(5,626)	-
Payment to Workers' (Profit) Participation Fund		(19,421)	(139,502)
Net cash generated from / (used in) operating activities		6,560,871	(15,540,744)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditures		(1,290,980)	(3,088,198)
Intangibles		(7,431)	-
Long-term advances		18,385	-
Dividend received		1,079,116	1,509,915
Receipt from disposal of investment		131,707	-
Sale proceeds of property, plant and equipment		130,258	132,438
Long-term deposit		-	944
Investment at fair value through profit or loss - net		9,212	5,406,893
Profit received on bank balances and term deposits		485,015	652,359
Net cash generated from investing activities		555,282	4,614,351
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings - net		(6,548,004)	5,605,658
Long-term loans		(2,324,052)	(2,031,989)
Finance lease liability		(111,676)	(138,766)
Dividend paid		(667,061)	(1,469,206)
Net cash (used in) / generated from financing activities		(9,650,793)	1,965,697
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,534,640)	(8,960,696)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		(15,903,799)	(4,564,653)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		(18,438,439)	(13,525,349)
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the condensed interim consolidated statement of cash flows comprises the following condensed interim consolidated statement of financial position amounts:			
- Cash and bank balances		8,913,247	8,343,082
- Short-term highly liquid investments	12	20,604	2,270,000
- Short-term running finance		(27,372,290)	(24,138,431)
		(18,438,439)	(13,525,349)

The annexed notes, from 1 to 22, form an integral part of these condensed interim consolidated financial statements.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

1 THE GROUP AND ITS OPERATIONS

Fauji Fertilizer Bin Qasim Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). The shares of the Company are quoted on Pakistan Stock Exchange (PSX). The registered office of FFBL is situated at FFBL Tower, C1/C2, Sector B, Jinnah Boulevard, DHA Phase II, Islamabad, Pakistan. The principal objective of FFBL is manufacturing, purchasing and marketing of fertilizers. FFBL commenced its commercial production effective January 01, 2000.

Fauji Fertilizer Bin Qasim Limited group comprises of Fauji Fertilizer Bin Qasim Limited (FFBL / the Holding Company) and its subsidiaries, Fauji Meat Limited (FML), FFBL Foods Limited, FFBL Power Company Limited (FPCL) and Fauji Foods Limited (FFL) collectively referred as ("Group").

Fauji Meat Limited is a public limited company incorporated on September 05, 2013 in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). The principal objectives of FML are to establish a meat abattoir unit for halal slaughtering of animals to obtain meat for local and export sale purposes.

FFBL Foods Limited is a public limited company incorporated on July 04, 2013 in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). The principal objective is to produce multi brand dairy products.

FFBL Power Company Limited is a public limited company incorporated on June 27, 2014 in Pakistan under the Companies Ordinance, 1984 (now replaced by the Companies Act, 2017 with effect from May 31, 2017). The principal activity is generation and supply of electricity and all other forms of energy.

Fauji Foods Limited (FFL) was incorporated in Pakistan on September 26, 1966 as a public company and its shares are quoted on PSX. It is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products.

2 BASIS OF PREPARATION

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 provision of and directives issued under the Companies Act, 2017 have been followed.

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 for the year ended December 31, 2019. The comparative Consolidated Statement of Financial Position is extracted from the annual consolidated financial statements, as of December 31, 2019, whereas the Consolidated Statement of Profit or Loss and the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity are extracted from the unaudited condensed interim consolidated financial statements, for the period ended September 30, 2019.

These condensed interim consolidated financial statements are unaudited and is being submitted to the members, as required under Section 237 of the Companies Act, 2017, and the Listed Companies (Code of Corporate Governance) Regulations, 2019.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim consolidated financial statements are similar to those applied in the preparation of the consolidated financial statements for the preceding year, ended December 31, 2019.

4 IMPACT OF COVID-19

On January 31, 2020, the World Health Organization (WHO) announced a global health emergency due to Corona virus. Because of the rapid increase in exposure globally, on March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic.

The Government of Pakistan imposed restrictions on movement temporarily. The Group has adopted the required regulations. The plant operations remained broadly unaffected and there has been no significant effect on sales. Accordingly, till date there has been no effects on Group's financial as well as operational results. Management is also not expecting any significant disruptions in the future. Management, however, continue to evaluate it's effect till the date of authorization of these financial statements for current and next year.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

5 SHARE CAPITAL

5.1 Pursuant to Extraordinary General Meeting held on September 09, 2020, the authorized share capital of the Holding Company has been increased from Rs. 11,000,000,000 (1,100,000,000 shares of Rs. 10 each) to Rs. 15,000,000,000 (1,500,000,000 shares of Rs. 10 each).

5.2 **Group consists of following subsidiary companies:**

	Ownership in 2020	Ownership in 2019
Fauji Meat Limited	90.18%	90.18%
FFBL Power Company Limited	75.00%	75.00%
FFBL Foods Limited	100.00%	100.00%
Fauji Foods Limited	67.50%	50.59%

The condensed interim financial statements of subsidiary companies have been consolidated on line by line basis. The carrying value of investments held by the Holding Company is eliminated against the subsidiaries' share capital and pre-acquisition reserves. All material intercompany balances and transactions have been eliminated.

5.3 During the year, pursuant to the approval by the members of the Holding Company and FFL, in their respective Annual General Meeting (AGM), held on March 30, 2020 and April 02, 2020, respectively, the Holding Company has converted its sub-ordinated loan to FFL and related accrued mark-up, as of December 31, 2019, amounting to Rs. 2,630,000 thousand and Rs. 118,864 thousand, respectively, into 274,886,371 ordinary shares of FFL, at their face value. Accordingly, the Holding Company's proportion of ownership interest, in FFL, has increased from 50.59% to 67.5%, with corresponding reduction in proportion of ownership interest of NCI; resulting in an increase in accumulated losses, attributable to the shareholders of Holding Company, by Rs. 1,866,132 thousand.

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

6 LONG-TERM LOANS

Loans from banking companies-secured	38,559,085	40,850,844
Less: Current portion shown under current liabilities	11,549,860	8,951,344
	27,009,225	31,899,500

7 DEFERRED LIABILITIES

Compensated leave absences	707,670	681,824
Deferred taxation	3,131,459	2,959,428
	3,839,129	3,641,252

7.1 DEFERRED TAXATION - NET

The balance of deferred tax is in respect of the following major taxable / (deductible) temporary differences:

Accelerated depreciation	3,094,097	2,885,948
Share of profit of joint venture and associates - net	1,320,479	1,142,960
Share of profit of subsidiary	598,765	738,287
Provision for inventory obsolescence	(95,911)	(38,003)
Provision for doubtful other receivables	(57,116)	(57,116)
Deferred tax on revaluation of available for sale investments	79,290	(142,330)
Unabsorbed losses, tax credits and others	(1,808,145)	(1,570,318)
	3,131,459	2,959,428

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

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

8 CONTINGENCIES AND COMMITMENTS

Contingencies

i) Guarantees issued by banks on behalf of FFBL	59,409	53,409
ii) Group's share of contingent liabilities of Fauji Cement Company Limited as at June 30, 2020	-	24,222
iii) Group's share of contingent liabilities of Foundation Wind Energy - I Limited as at June 30, 2020	64,690	64,296
iv) Group's share of contingent liabilities of Foundation Wind Energy - II Limited as at June 30, 2020	255,500	240,800
v) Group's share of contingent liabilities of Askari Bank Limited as at June 30, 2020	44,827,483	41,498,101
vi) Contingent liabilities of Fauji Meat Limited	308,223	308,223
vii) Contingent liabilities of Fauji Foods Limited	2,878,450	2,878,680

Commitments

i) Capital expenditures - FFBL	217,392	400,541
ii) Letters of credit - FFBL	1,149,705	763,244
iii) Group's share of commitments of FWEL- I & FWEL- II as at June 30, 2020	1,089,951	222,534
iv) Group's share of commitments of PMP as at June 30, 2020	73,348	65,710
v) Commitments of FML	-	4,040
vi) Commitments of FPCL	1,125,410	1,697,660
vii) Group's share of commitments of FCCL as at June 30, 2020	-	4,882
viii) Commitments of FFL	730	29,930

9 PROPERTY, PLANT AND EQUIPMENT

Opening written down value	50,960,138	50,217,763
Additions during the period / year	1,290,980	4,240,851
Disposals during the period / year	(517,445)	(250,179)
Depreciation during the period / year	(2,020,791)	(3,315,801)
Depreciation charged on disposals during the period / year	460,019	154,511
Adjustments during the period / year	(32,547)	(87,007)
Closing written down value	<u>50,140,354</u>	<u>50,960,138</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

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

10 LONG-TERM INVESTMENTS

Investment in joint venture - equity method

Pakistan Maroc Phosphore S.A, Morocco

Balance brought forward	5,991,039	4,770,687
Share of profit	241,648	803,230
Dividend	(671,290)	(746,784)
Gain on translation of net assets	475,529	1,163,906
Closing balance	6,036,926	5,991,039

Investment in associates - equity method

Fauji Cement Company Limited

Balance brought forward	422,373	420,371
Share of profit	3,581	30,127
Dividend	-	(28,125)
Disposal of investment	(178,806)	-
Investment held for sale	(247,148)	-
Closing balance	-	422,373

Foundation Wind Energy - I Limited

Opening balance	2,899,002	2,388,392
Share of profit	511,094	563,110
Dividend	-	(52,500)
Closing balance	3,410,096	2,899,002

Foundation Wind Energy - II Limited

Opening balance	2,874,539	2,430,853
Share of profit	487,445	566,186
Dividend	-	(122,500)
Closing balance	3,361,984	2,874,539

Askari Bank Limited

Opening balance	8,051,916	7,498,015
Share of profit	1,644,030	1,120,316
Dividend	(407,825)	(271,884)
Revaluation reserve of available for sale investment	1,477,467	(309,194)
Effect of translation	26,008	14,663
Closing balance	10,791,596	8,051,916

Investment - available for sale - unquoted

Arabian Sea Country Club Limited (ASCCL)

300,000 ordinary shares of Rs. 10 each	3,000	3,000
Less: Impairment in value of investment	3,000	3,000
	-	-
	23,600,602	20,238,869

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020**

11 OTHER RECEIVABLES

This includes an amount of Rs. 4,733 million (December 31, 2019: Rs. 2,886 million) receivable from Fauji Fertilizer Company Limited, an associated company on account of amount recovered from customers, against sales of the Holding Company's products under an inter-company services agreement.

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

12 SHORT-TERM INVESTMENTS

Loans and receivables

Term deposits with banks and financial institutions

20,604	1,400,000
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Investments at fair value through profit or loss

Mutual funds

-	9,029
---	-------

20,604	1,409,029
---------------	------------------

12.1 The balance at the period end includes investment in term deposits receipt, having maturity periods up to 01 month, and carrying mark-up at 6.75% per annum (December 31, 2019: 12.80% to 14.50% per annum).

13 NON-CURRENT ASSET HELD FOR SALE

The Board of Directors of the Holding Company approved the plan to dispose-off all of its shareholding in Fauji Cement Company Limited (FCCL) through open market. Pursuant to this decision, the Holding Company has disposed-off 6,318,000 shares at average price of Rs. 20.81 per share; resulting in a loss of Rs. 11,971 thousand. The sale of remaining 12,432,000 shares is expected to be completed within 1 year from the reporting date. Accordingly, as of September 30, 2020, the Holding Company has classified its residual investment as held for sale. The Holding Company has recognized a loss of Rs. 35,128 thousand in the consolidated statement of profit or loss; being the difference between the carrying amount of residual investment and fair value less cost to sell of remaining shares of FCCL, held by the Holding Company.

Note	(Un - audited) Quarter ended September 30,		(Un - audited) Nine months ended September 30,	
	2020	2019	2020	2019
	(Rupees '000)			

14 SALES - NET

Gross sales	30,827,841	27,363,035	64,986,368	58,377,209
Less:				
Sales tax	1,194,750	1,248,149	3,314,016	3,048,432
Trade discount	148,953	113,630	514,275	673,121
Advance tax u/s 235	43,689	93,999	223,798	257,652
Commission	8,762	7,547	19,096	17,627
	1,396,154	1,463,325	4,071,185	3,996,832
	29,431,687	25,899,710	60,915,183	54,380,377

14.1 It includes commission paid by the Holding Company at the rate of Re. 1 per bag to Fauji Fertilizer Company Limited, based on an inter-company services agreement.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Quarter ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	(Rupees '000)		(Rupees '000)	
15 COST OF SALES				
Raw materials consumed	15,381,312	18,514,001	37,261,028	48,233,581
Packing materials consumed	744,046	693,973	1,905,607	2,004,449
Fuel and power	409,607	459,290	920,315	1,098,670
Ash dumping	14,623	9,141	24,702	22,339
Stores and supplies consumed	150,152	130,556	461,435	410,237
Salaries, wages and benefits	607,976	563,997	1,974,027	1,814,376
Repairs and maintenance	322,235	311,929	1,086,721	1,243,834
Travel and conveyance	36,603	60,374	116,682	164,927
Rent, rates and taxes	15,611	16,277	96,589	67,233
Insurance	83,047	106,715	280,554	198,776
Utilities	9,287	22,951	61,686	37,497
Provision for slow moving stores	21,000	-	56,000	-
Provision for stock-in-trade	25,751	-	25,751	-
Provision for sales tax	300,000	-	604,684	-
Communication, establishment and other expenses	51,479	(13,077)	189,218	67,275
Depreciation	621,585	777,149	1,843,868	2,271,531
Opening stock - work in process	259,143	95,212	341,189	133,055
Closing stock - work in process	(219,468)	(126,988)	(219,468)	(126,988)
Cost of goods manufactured	18,833,989	21,621,500	47,030,588	57,640,792
Opening stock - finished goods	13,577,762	14,979,717	12,022,295	3,155,514
Closing stock - finished goods	(8,721,967)	(14,703,571)	(8,721,967)	(14,703,571)
Cost of sales	23,689,784	21,897,646	50,330,916	46,092,735
16 OTHER INCOME				
<i>Share of profit from joint venture and associates</i>				
Pakistan Maroc Phosphore S.A	173,443	310,986	241,648	553,559
Foundation Wind Energy - I Limited	509,398	261,702	511,094	195,614
Foundation Wind Energy - II Limited	481,166	261,559	487,445	198,009
Fauji Cement Company Limited	4,553	8,046	3,581	29,655
Askari Bank Limited	669,954	278,914	1,644,030	850,540
	1,838,514	1,121,207	2,887,798	1,827,377
Profit on bank balances & term deposits	110,356	290,016	449,177	616,979
Gain / Dividend from mutual funds	-	807	380	130,921
Scrap sale and other receipts	91,326	74,043	206,017	179,018
Gain on disposal of property, plant and equipment	74,960	28,685	72,832	49,158
Miscellaneous income	34,857	1,902	65,688	8,735
	311,499	395,453	794,094	984,811
	2,150,013	1,516,660	3,681,892	2,812,188
17 TAXATION - NET				
Current tax	754,795	640,013	1,354,810	1,215,783
Deferred tax	(31,547)	1,255,728	(49,588)	495,468
	723,248	1,895,741	1,305,222	1,711,251

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Nine months ended September 30,	
	2020	2019
	(Rupees '000)	
18 CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit / (loss) before taxation	1,329,635	(3,423,309)
Adjustment for non-cash charges and other items:		
Provision for gratuity	66,788	82,192
Exchange losses	190,957	577,023
Provision for compensated absences	63,577	92,323
Provision for Workers' Welfare Fund	4,060	-
Provision for Workers' Profit Participation Fund	161,455	149,029
Provision for debtors	-	119,198
Provision for sales tax refundable	604,684	-
Amortization of transaction cost of long-term finance	32,292	31,669
Depreciation	2,020,791	2,499,492
Amortization	17,027	-
Loss on sale of investment	11,971	-
Loss on classification of investment	35,128	-
Provision for slow moving stores	56,000	-
Provision for stock-in-trade	25,751	-
Finance cost	6,750,578	6,847,352
Profit on bank balances and term deposits	(449,177)	(616,979)
Cash bonus / income on mutual funds	(380)	(130,921)
Profit from joint venture and associates - net	(2,887,798)	(1,827,377)
Gain on disposal of property, plant and equipment	(72,832)	(49,158)
Operating profit before working capital changes	7,960,507	4,350,534
Changes in working capital:		
Stores and spares	165,940	(258,142)
Stock-in-trade	1,439,405	(11,308,991)
Trade debts	2,415,696	(1,522,891)
Advances	22,516	211,535
Trade deposits and short-term prepayments	(44,109)	(235,621)
Other receivables	(1,785,946)	(1,423,174)
Sales tax receivable	296,820	(3,071,795)
Trade and other payables	4,352,890	5,054,591
	6,863,212	(12,554,488)
Cash generated from / (used in) operations	14,823,719	(8,203,954)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

19 RELATED PARTY TRANSACTIONS

Fauji Fertilizer Company Limited (FFCL) has 49.88% share holding in FFBL (2019: 49.88%), while Fauji Foundation (FF) holds 18.29% shares (2019: 18.29%) in the Holding Company. The Group has related parties which comprise of a joint venture, entities under common directorship, directors, key management personnel and employees' funds. Transactions with related parties and the balances outstanding at the period end are given below. The carrying value of investment in joint venture and associates are disclosed in note 10 to the condensed interim consolidated financial statements.

	Nine months ended September 30,	
	2020	2019
	(Rupees '000)	
Transactions with Fauji Foundation (FF):		
Dividend paid	665,531	707,561
Contribution paid to Youm-e-Shohada and Defence Day	-	6,000
Services provided	119	3,738
Services received	309	-
Transactions with associated undertakings due to common directorship:		
Fauji Fertilizer Company Limited		
Services and material acquired	1,095,860	843,332
Services and material provided	1,022	1,605
Receipts under consignment account	52,290,398	41,800,136
Commission charged	19,096	15,627
Dividend paid	-	465,892
Askari Bank Limited		
Balances at bank	1,414,793	337,116 *
Profit on bank balances	148,130	123,010
Long-term loans	416,667	500,000 *
Mark-up on long-term loans	46,917	40,361
Finance cost charged	76,672	60,473
Mark-up payable on long-term loans	267	18,740 *
Utilities expenses paid	-	1,210
Dividend received	407,826	271,884
Fauji Cement Company Limited		
Dividend received	-	28,125
Foundation Wind Energy - I Limited & Foundation Wind Energy - II Limited		
Dividend received	-	175,000
Transactions with joint venture:		
Purchase of raw materials	23,592,490	29,789,585
Expenses incurred on behalf of joint venture	3,647	17,801
Balance payable	9,349,057	6,593,346 *
Balance receivable	9,465	9,231 *
Dividend received	671,290	746,784

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

Nine months ended September 30,

2020 2019

(Rupees '000)

Other related parties:

Contribution to Provident Fund	90,547	87,954
Payment to WWF & WPPF	25,047	139,502
Payment to Gratuity Fund	55,189	94,329
Remuneration of key management personnel	234,285	293,352
Meeting fee to directors	13,855	13,727
Noon Sugar Mills	36,116	-
Balance payable to WWF and WPPF	727,568	587,100
Payable to Provident Fund	4,652	9,560
Payable to Gratuity Fund	349,831	338,282
Fauji Security Services (Private) Limited	1,532	2,345
Fauji Cereals for purchase of goods	2,268	-

* These balance of accounts, appearing as comparatives, are as at December 31, 2019 (audited).

In addition to above:

Ranking charge amounting to US\$ 91,456,667 and Rs. 4,000 million (2019: US\$ 91,456,667 and Rs. 4,000 million) has been registered on assets of FFBL in respect of project financing arranged by Foundation Wind Energy-I Limited (FWEL-I).

Ranking charge amounting to US\$ 89,146,667 and Rs. 4,000 million (2019: US\$ 89,146,667 and Rs. 4,000 million) has been registered on assets of FFBL in respect of project financing arranged by Foundation Wind Energy-II Limited (FWEL-II).

20 SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments.

	Fertilizer	Food	Meat	Power	Elimination- net	Consolidated
	(Rupees' 000)					
September 30, 2020						
Revenue	49,961,864	5,319,065	389,819	12,486,280	(7,241,845)	60,915,183
(Loss) / Profit after tax	(901,450)	(2,177,989)	(913,221)	3,062,566	954,507	24,413
September 30, 2019						
Revenue	43,643,456	4,040,543	1,857,965	12,437,567	(7,599,154)	54,380,377
(Loss) / Profit after tax	(2,417,883)	(3,100,168)	(1,271,818)	2,720,489	(1,065,180)	(5,134,560)
September 30, 2020						
Assets	89,960,927	11,780,526	7,324,103	35,151,078	(11,402,996)	132,813,638
Liabilities	84,028,416	14,944,099	6,146,273	21,241,223	(5,388,756)	120,971,255
December 31, 2019						
Assets	91,166,569	12,099,369	7,901,327	33,408,997	(10,547,360)	134,028,902
Liabilities	84,332,608	15,830,792	5,810,275	19,899,583	(2,573,497)	123,299,761

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

21 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

21.1 Financial risk factors

The group's activities expose it to a variety of financial risk including market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

There have been no changes in the risk management policies during the period, consequently these condensed interim consolidated financial statements do not include all the financial risk management information and disclosures required in the annual consolidated financial statements.

21.2 Fair Value estimation

The table below analyzes financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices level 2)
- Inputs for the asset or liability that are not based on observable market data (level 3)

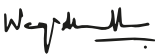
	Level 1	Level 2	Level 3
	(Rupees' 000)		
September 2020 - unaudited			
ASSETS			
Financial assets at fair value through profit or loss			
- Short-term investments	-	-	-
December 2019 - audited			
ASSETS			
Financial assets at fair value through profit or loss			
- Short-term investments	9,029	-	-

22 GENERAL


22.1 Figures have been rounded off to the nearest thousand rupees.

22.2 Corresponding figures have been reclassified / re-arranged, wherever necessary, for the purpose of comparison.

22.3 These condensed interim consolidated financial statements were authorized for issue on October 27, 2020 by the Board of Directors of the Company.



CHAIRMAN



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER



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