



THIRD QUARTER
**FINANCIAL
STATEMENTS**

SEPTEMBER 30, 2022
(UN-AUDITED)

CONTENTS

03

Company Information

04

Directors' Review

07

ڈائریکٹرز کا تجزیہ

09

Condensed Interim
Financial Statements

27

Condensed Interim
Consolidated Financial Statements

SAY NO TO CORRUPTION

Company Information

BOARD OF DIRECTORS

Mr. Waqar Ahmed Malik

Chairman

Mr. Sarfaraz Ahmed Rehman

Managing Director & Chief Executive Officer

Dr. Nadeem Inayat

Mr. Saad Amanullah Khan

Ms Maryam Aziz

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

Mr. Peter Bruun Jensen

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

Syed Bakhtiyar Kazmi

Mr. Shoaib Javed Hussain

Mr. Jehangir Shah

Dr. Ayesha Khan

Mr. Iftikhar Ali Sahoo

CHIEF FINANCIAL OFFICER

Syed Atif Ali

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

E-mail: atif_ali@ffc.com.pk

COMPANY SECRETARY

Brig Asrat Mahmood, SI(M) (Retd)

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

E-mail: secretary@ffc.com.pk

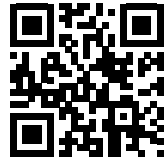
REGISTERED OFFICE

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: ffcrwp@ffc.com.pk



PLANTSITES

Goth Machhi, Sadiqabad

(Distt: Rahim Yar Khan), Pakistan

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

Mirpur Mathelo

(Distt: Ghotki), Pakistan

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

MARKETING DIVISION

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

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

KARACHI OFFICE

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

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

AUDITORS

A.F. Ferguson & Co

Chartered Accountants

74 - East, Blue Area, Jinnah Avenue, Islamabad

Tel No. +92-51-2273457-9, 2870045-85, Fax No. +92-51-2206473

SHARES REGISTRAR

CDC Share Registrar Services Limited

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

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

DIRECTORS' REVIEW

For the nine months ended September 30, 2022

Dear Shareholders

We are pleased to report that the Company has earned a net profit of Rs. 14.84 billion for the period ended September 30, 2022.

Sona urea production of 1,808 thousand tonnes was 3% lower than last year mainly due to higher maintenance shutdown of plants during the period.

Higher import prices of DAP forced farmers towards increased utilization of urea as a substitute to DAP. This resulted in the contraction of DAP market, hence the agriculture sector. Urea demand in the country thus increased to 4,767 thousand tonnes compared to 4,656 thousand tonnes last year. The increase in demand was met through higher production by RLNG based plants besides imports by the Government, which increased the competition in the industry. However, concerted marketing efforts enabled Sona urea sale by the Company of 1,795 thousand tonnes which was only 1% lower than last year.

The Company achieved sale revenue of Rs.79.18 billion compared to Rs.73.59 billion last year.

Double digit inflation of 23%, hike in fuel prices, sharp devaluation of Pak Rupee, more than 100% increase in interest rate and higher repair and maintenance cost of extended plant shut down caused significant increase in overall costs of the Company.

The imposition of super tax of around Rs. 4.69 billion over and above the normal tax liability, combined with higher finance cost due to higher interest rates further impacted negatively on Company's profitability. However, The Company exercised stringent cost controls which combined with improved investment income of Rs. 10.28 billion compared to Rs 5.91 billion last year enable the Company to arrest the decline in profitability to Rs. 14.84 billion. The earnings per share was recorded at Rs. 11.67, which was only 7% lower than last year. The profitability in terms of US\$ however, declined to USD 75 million compared to USD 101 million last year.

In order to maintain a steady stream of income for the shareholders, the Board is pleased to announce third interim dividend of Rs. 3.18 per share, with the aggregate distribution of Rs. 8.98 per share during the period.

We are also pleased to announce that the Company's venture Thar Energy Limited (TEL) an associated Company, achieved Commercial Operation Date (COD) on October 1, 2022. This indigenous coal based project shall provide 330 Mega Watt of much needed electric power to the Country at significantly cheaper rates compare to fossil fuel and imported coal.

We are very pleased to inform that FFC has once again been declared as the best Company on the Pakistan Stock Exchange-PSX, for the the year 2021. This is the 12th consecutive top placement on the PSX for the Company. The shareholders would also be pleased to note that the Company's annual report for the year 2021 has also been awarded overall top position in the best annual report competition held by Institute of Chartered Accountants of Pakistan/Institute of Cost Management Accountants of Pakistan (ICAP/ICMAP) for the

14th time. Further the Annual Report 2021 has also been awarded the first position in the fertilizer and chemical sector for the 18th time whereas the Sustainability Report secured the top position for the 6th time in the sustainability Report competition organized by the ICAP/ ICMAP.

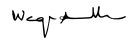
FUTURE OUTLOOK

The wide spread floods led to damage of the large sown area in the country. Persistent high prices of DAP may keep demand on the lower side and decreased DAP application may negatively affect the crop yield ultimately impacting the food security in the Country.

The Government is considering increase in gas prices which are expected to rise sharply for the fertilizer industry. The Company is in constant coordination with the Government for uniform impact of increase in gas rates across the fertilizer industry. The Government is also being sensitized to keep under consideration the flood situation besides affordability of fertilizer by the farming community as gas rates are a pass through item. The long outstanding GST receivable and subsidy refunds continue to remain unsettled, negatively impacting the working capital of the Company.

Conducive Government policies are therefore critical for the success of agriculture sector besides food security in the country. The Board is confident that with consistent efficiency improvements, cost economization and commissioning of Thar Energy Limited (TEL), the Company shall continue to offer attractive returns to its shareholders.

On behalf of the Board,



Waqar Ahmed Malik
Chairman



Sarfaraz Ahmed Rehman
Managing Director & Chief
Executive Officer

Rawalpindi
October 26, 2022

ہمیں یہ اطلاع دیتے ہوئے خوشی محسوس ہو رہی ہے کہ کمپنی کے مشترکہ منصوبے تھرا زری لمیٹڈ (TEL)، جو کہ ایک منسلک کمپنی ہے، نے یکم اکتوبر 2022 کو Commercial Operation Date (COD) حاصل کر لی ہے۔ مقامی کونسل سے چلنے والا یہ منصوبہ، Fossil ایندھن اور درآمدی کونسل کے مقابلے میں ملک کو 330 میگا واٹ بجلی ارزان زرخوں پر فراہم کرے گا۔

یہ اعلان کرتے ہوئے ہمیں خوشی محسوس ہو رہی ہے کہ سال 2021 کے لیے FFC کو ایک مرتبہ پھر پاکستان اسٹاک ایکسچینج (PSX) پر بہترین کمپنی قرار دیا گیا ہے، یہ کمپنی کے لیے PSX پر مسلسل بارہویں مرتبہ پہلی پوزیشن ہے۔ حصہ داران کو یہ جان کر بھی خوشی ہوگی کہ کمپنی کی Annual Report کو ICAP/ICMAP کی طرف سے منعقدہ Best Corporate and Sustainability Report Award کے لیے چودہویں مرتبہ مجموعی طور پر فاتح قرار دیا گیا ہے۔ اس کے علاوہ فریڈلینڈ اور کیمیکل کے شعبے میں بھی اٹھارویں مرتبہ پہلی پوزیشن سے نوازا گیا جبکہ Sustainability رپورٹ کو چھٹی مرتبہ پہلی پوزیشن حاصل ہوئی۔

متوقع مستقبل

وسیع پیمانے پر آنے والے سیلاب نے ملک میں قابل کاشت رقبے کے بڑے حصے کو نقصان پہنچایا۔ مزید برآں درآمدی DAP کی بلند قیمت بھی اس کے کم استعمال کا باعث بننے کے سبب ملک میں غذائی تحفظ کو متاثر کرنے کا موجب بنے گی۔

حکومت گیس کے زرخوں میں اضافے پر غور کر رہی ہے اور ان زرخوں کے کھاد کی صنعت کے لیے انتہائی تیزی سے بڑھنے کا خدشہ ہے۔ کمپنی حکومت کے ساتھ مسلسل رابطے میں ہے تاکہ کھاد کی پوری صنعت کے لیے گیس کے زرخوں میں یکساں اضافہ کیا جائے۔ حکومت کو سیلابی صورتحال کو زیر غور رکھنے کے ساتھ ساتھ کاشتکار برادری کی استعداد کے متعلق بھی متوجہ کیا جا رہا ہے جو کہ گیس کی منتقل ہونے والی لاگت سے بھی متاثر ہوگی۔ طویل عرصے سے واجب الوصول GST اور سبسڈی کے واجبات بدستور حل طلب ہیں جو کہ کمپنی کے Working Capital پر منفی اثرات مرتب کر رہے ہیں۔

زری شعبے کی کامیابی کے ساتھ ساتھ ملک میں غذائی تحفظ کو یقینی بنانے کے لیے موزوں حکومتی پالیسیاں ناگزیر ہیں۔ بورڈ کو یقین ہے کہ کارکردگی میں مسلسل بہتری، اخراجات میں کمی اور کونسل سے چلنے والے منصوبے کے آغاز کے ساتھ کمپنی اپنے حصہ داران کو مسلسل پرکشش منافع فراہم کرتی رہے گی۔

بورڈ کی جانب سے

Sarfraz Ahmad Raza

سرفراز احمد رحمان

مینیجنگ ڈائریکٹر و چیف ایگزیکٹو آفیسر

وقار احمد ملک

وقار احمد ملک

چیئر مین

راولپنڈی

26 اکتوبر 2022

ڈائریکٹر کا تجزیہ

30 ستمبر 2022 کو ختم ہونے والی مدت کے لیے

معزز حصہ داران!

ہمیں یہ اطلاع دیتے ہوئے خوشی محسوس ہو رہی ہے کہ کمپنی نے 30 ستمبر 2022 کو ختم ہونے والی مدت کے لیے، 14.84 ارب روپے کا خالص منافع حاصل کیا ہے۔

سونا یوریا کی 1,808 ہزار ٹن کی پیداوار گزشتہ برس کے مقابلے میں 3 فیصد کم رہی جس کا سبب مرمت و بحالی (Maintenance Turnaround) کے لیے پلانٹس کا زیادہ دنوں تک بند رہنا تھا۔

DAP کی بلند درآمدی قیمتوں نے کسانوں کو مجبور کر دیا کہ DAP کے متبادل کے طور پر یوریا کا استعمال بڑھادیں۔ چنانچہ DAP کی مارکیٹ اونٹینچنا، زرعی شعبہ سکلز گیا۔ ملک میں یوریا کی طلب بڑھ کے 4,767 ہزار ٹن ہو گئی جو کہ گزشتہ برس 4,656 ہزار ٹن تھی۔ طلب میں اضافے کو RLNG پر چلنے والے پلانٹس اور حکومتی درآمدات سے پورا کیا گیا جس کے باعث یوریا کی مارکیٹ میں مسابقت میں اضافہ ہوا۔ تاہم، مارکیٹنگ کی مرکز کاوشوں کے باعث، کمپنی 1,795 ہزار ٹن سونا یوریا کی فروخت کرنے میں کامیاب رہی جو کہ گزشتہ برس کے مقابلے میں صرف 1 فیصد کم ہے۔ کمپنی نے 79.18 ارب روپے کی آمدن فروخت (Sales Revenue) حاصل کی جو کہ گزشتہ برس 73.59 ارب روپے تھی۔

23 فیصد کی Double Digit مہنگائی، ایندھن کی قیمتوں میں اضافہ، پاکستانی روپے کی قدر میں تیزی سے کمی، سود کی شرح میں 100 فیصد سے زیادہ اضافہ اور طویل دورانیے کے لیے پلانٹس کی بندش اور مرمت، کمپنی کی مجموعی لاگت (Overall Cost) میں نمایاں اضافے کا باعث بنی۔

معمول کے ٹیکس کے علاوہ تقریباً 4.69 ارب روپے کے سپر ٹیکس کے نفاذ کے ساتھ ساتھ زائد شرح سود کے باعث مالیاتی لاگت نے کمپنی کے منافع پر مزید منفی اثرات مرتب کیے۔ تاہم، کمپنی نے اخراجات میں کمی کے لیے سخت اقدامات اٹھائے جنہوں نے سرمایہ کاریوں پر 10.28 ارب روپے کی آمدن (جو کہ گزشتہ برس 5.91 ارب روپے تھی) کے ساتھ مل کر کمپنی کے منافع کی کمی کو 14.84 ارب روپے پر روکنے کے قابل بنایا۔ فی حصہ آمدن 11.37 روپے رہی جو کہ گزشتہ سال کے مقابلے میں صرف 7 فیصد کم ہے۔ تاہم، امریکی ڈالر کے تناسب سے منافع کم ہو کر 75 ملین ڈالر ہو گیا جو کہ گزشتہ سال 101 ملین ڈالر تھا۔

اپنے حصہ داران کے لیے آمدنی کی ترسیل کو برقرار رکھتے ہوئے، بورڈ 3.18 روپے فی حصہ (31.8 فیصد) کے تیسرے عبوری منافع منقسمہ کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے۔ اس طرح زیر جائزہ مدت کے لیے مجموعی ادائیگی 8.98 روپے فی حصہ ہو گئی ہے۔



Condensed Interim Financial Statements

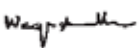
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

| | Note | Un-audited September 30, 2022 | Audited December 31, 2021 |
|--|------|-------------------------------------|---------------------------------|
| (Rupees '000) | | | |
| EQUITY AND LIABILITIES | | | |
| EQUITY AND RESERVES | | | |
| Share capital | 4 | 12,722,382 | 12,722,382 |
| Capital reserves | | 160,000 | 160,000 |
| Revenue reserves | | | |
| General reserves | | 8,802,360 | 8,802,360 |
| Unappropriated profit | | 27,327,627 | 25,779,498 |
| | | 36,129,987 | 34,581,858 |
| (Deficit) / surplus on remeasurement of investments to fair value - net | | (3,869) | 50,054 |
| | | 49,008,500 | 47,514,294 |
| NON - CURRENT LIABILITIES | | | |
| Long term borrowings - secured | 5 | 14,438,111 | 16,740,000 |
| Lease liabilities | | 22,600 | 24,250 |
| Gas Infrastructure Development Cess (GIDC) payable | 6 | 14,486,759 | 20,801,970 |
| Deferred liabilities | | 3,504,851 | 3,757,259 |
| | | 32,452,321 | 41,323,479 |
| CURRENT LIABILITIES | | | |
| Current portion of long term borrowings - secured | 5 | 5,707,504 | 4,504,198 |
| Current portion of lease liabilities | | 18,430 | 37,494 |
| Current Portion of deferred government grant | | 4,150 | 40,802 |
| Trade and other payables | | 72,394,019 | 62,481,315 |
| Mark-up and profit accrued | | 898,204 | 722,941 |
| Short term borrowings - secured | 7 | 31,380,884 | 38,954,272 |
| Unclaimed dividend | | 464,934 | 471,891 |
| Taxation | | 9,682,341 | 4,956,079 |
| | | 120,550,466 | 112,168,992 |
| TOTAL EQUITY AND LIABILITIES | | 202,011,287 | 201,006,765 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 8 | | |

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

| | Note | Un-audited September 30, 2022 | Audited December 31, 2021 |
|--|------|-------------------------------------|---------------------------------|
| (Rupees '000) | | | |
| ASSETS | | | |
| NON - CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 26,449,993 | 23,987,286 |
| Intangible assets | | 1,573,971 | 1,576,441 |
| Long term investments | 10 | 47,975,433 | 46,114,698 |
| Long term loans and advances - secured | | 4,356,772 | 3,044,137 |
| Long term deposits and prepayments | | 12,462 | 14,678 |
| | | 80,368,631 | 74,737,240 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 5,762,745 | 4,557,509 |
| Stock in trade | | 17,164,350 | 1,048,397 |
| Trade debts | | 403,344 | 833,231 |
| Loans and advances - secured | | 1,051,518 | 758,658 |
| Deposits and prepayments | | 158,987 | 66,684 |
| Other receivables | 11 | 25,974,944 | 22,619,197 |
| Short term investments | 12 | 70,693,094 | 95,196,271 |
| Cash and bank balances | | 433,674 | 1,189,578 |
| | | 121,642,656 | 126,269,525 |
| TOTAL ASSETS | | 202,011,287 | 201,006,765 |



Chairman



Chief Executive Officer



Director



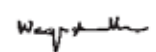
Chief Financial Officer

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

For the nine month period ended September 30, 2022

| | Note | Three month period ended | | Nine month period ended | |
|---|------|--------------------------|-----------------------|-------------------------|-----------------------|
| | | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| | | (Rupees '000) | | (Rupees '000) | |
| Turnover - net | 13 | 24,474,094 | 29,573,855 | 79,179,807 | 73,591,988 |
| Cost of sales | | (15,034,126) | (18,408,108) | (48,839,767) | (46,215,852) |
| GROSS PROFIT | | 9,439,968 | 11,165,747 | 30,340,040 | 27,376,136 |
| Distribution cost | | (2,615,242) | (2,086,749) | (6,921,760) | (6,050,578) |
| | | 6,824,726 | 9,078,998 | 23,418,280 | 21,325,558 |
| Finance cost | | (1,210,419) | (647,247) | (3,227,567) | (1,451,916) |
| Other losses | | | | | |
| Unwinding of GIDC liability | | (414,486) | (615,755) | (1,589,250) | (1,814,573) |
| Loss allowance on subsidy receivable from GoP | | - | - | (350,000) | - |
| | | (414,486) | (615,755) | (1,939,250) | (1,814,573) |
| Other expenses | | (630,191) | (810,486) | (2,272,892) | (2,102,753) |
| | | 4,569,630 | 7,005,510 | 15,978,571 | 15,956,316 |
| Other income | | 2,879,046 | 1,700,583 | 10,288,448 | 5,914,627 |
| PROFIT BEFORE TAXATION | | 7,448,676 | 8,706,093 | 26,267,019 | 21,870,943 |
| Provision for taxation | | (2,205,000) | (2,254,000) | (11,424,000) | (5,983,000) |
| PROFIT FOR THE PERIOD | | 5,243,676 | 6,452,093 | 14,843,019 | 15,887,943 |
| Earnings per share - basic and diluted (Rupees) | | 4.12 | 5.07 | 11.67 | 12.49 |

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



Chairman



Chief Executive Officer



Director

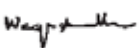


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
For the nine month period ended September 30, 2022

| | Three month period ended | | Nine month period ended | |
|--|--------------------------|--------------------|-------------------------|--------------------|
| | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| | (Rupees '000) | | (Rupees '000) | |
| PROFIT FOR THE PERIOD | 5,243,676 | 6,452,093 | 14,843,019 | 15,887,943 |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that are reclassified subsequently to profit or loss | | | | |
| (Deficit) / surplus on re-measurement of investments to fair value - net | 49,722 | (23,768) | (53,923) | (59,175) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 5,293,398 | 6,428,325 | 14,789,096 | 15,828,768 |

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



Chairman



Chief Executive Officer



Director



Chief Financial Officer

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

For the nine month period ended September 30, 2022

| | Revenue reserves | | | | (Deficit) / Surplus on remeasurement of investments at fair value - net | Total |
|---|------------------|---------------------|---------------------|--------------------------|--|--------------|
| | Share capital | Capital reserves | General reserves | Unappropriated profit | | |
| | (Rupees '000) | | | | | |
| Balance as at January 1, 2021 (Audited) | 12,722,382 | 160,000 | 8,802,360 | 20,659,023 | 191,906 | 42,535,671 |
| Total comprehensive income | | | | | | |
| Profit for the period | - | - | - | 15,887,943 | - | 15,887,943 |
| Other comprehensive (Loss) - net of tax | - | - | - | - | (59,175) | (59,175) |
| | - | - | - | 15,887,943 | (59,175) | 15,828,768 |
| Transactions with owners of the Company | | | | | | |
| Distributions: | | | | | | |
| Final dividend 2020: Rs 3.40 per share | - | - | - | (4,325,610) | - | (4,325,610) |
| First interim dividend 2021: Rs 3.50 per share | - | - | - | (4,452,834) | - | (4,452,834) |
| Second interim dividend 2021: Rs 2.60 per share | - | - | - | (3,307,819) | - | (3,307,819) |
| | - | - | - | (12,086,263) | - | (12,086,263) |
| Balance as at September 30, 2021 (Un-Audited) | 12,722,382 | 160,000 | 8,802,360 | 24,460,703 | 132,731 | 46,278,176 |
| Balance as at January 1, 2022 (Audited) | 12,722,382 | 160,000 | 8,802,360 | 25,779,498 | 50,054 | 47,514,294 |
| Total comprehensive income | | | | | | |
| Profit for the period | - | - | - | 14,843,019 | - | 14,843,019 |
| Other comprehensive loss - net of tax | - | - | - | - | (53,923) | (53,923) |
| | - | - | - | 14,843,019 | (53,923) | 14,789,096 |
| Transactions with owners of the Company | | | | | | |
| Distributions: | | | | | | |
| Final dividend 2021: Rs 4.65 per share | - | - | - | (5,915,908) | - | (5,915,908) |
| First interim dividend 2022: Rs 3.70 per share | - | - | - | (4,707,282) | - | (4,707,282) |
| Second interim dividend 2022: Rs 2.10 per share | - | - | - | (2,671,700) | - | (2,671,700) |
| | - | - | - | (13,294,890) | - | (13,294,890) |
| Balance as at September 30, 2022 (Un-Audited) | 12,722,382 | 160,000 | 8,802,360 | 27,327,627 | (3,869) | 49,008,500 |

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



Chairman



Chief Executive Officer



Director



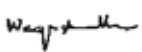
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the nine month period ended September 30, 2022

| | Note | September 30, 2022 | September 30, 2021 |
|---|------|-----------------------|-----------------------|
| | | (Rupees '000) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 14 | 8,774,398 | 11,260,532 |
| Finance cost paid | | (3,048,606) | (1,147,849) |
| Income taxes paid | | (6,974,738) | (6,089,716) |
| | | (10,023,344) | (7,237,565) |
| Net cash generated from / (used in) operating activities | | (1,248,946) | 4,022,967 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (4,309,264) | (2,524,426) |
| Proceeds from sale of operating fixed assets | | 40,469 | 16,934 |
| Investment in Fauji Wind Energy Limited I & II | | - | (13,512,339) |
| Investment in Thar Energy Limited | | (1,284,231) | - |
| Advance against issue of shares - Thar Energy Limited | | (474,543) | (376,707) |
| Advance against issue of shares - OLIVE Technical (Pvt) Ltd | | - | (20,000) |
| Other investments - net | | 1,846,565 | 760,714 |
| Interest and profit received | | 810,745 | 689,726 |
| Dividend received | | 2,411,402 | 2,150,266 |
| Net cash used in investing activities | | (958,857) | 12,815,832 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term financing | | | |
| Draw-downs | | 2,000,000 | 9,200,000 |
| Repayments | | (3,098,583) | (3,027,935) |
| Repayment of lease liabilities | | (24,412) | (24,377) |
| Dividend paid | | (13,301,847) | (12,084,181) |
| Net cash used in financing activities | | (14,424,842) | (5,936,493) |
| Net increase / (decrease) in cash and cash equivalents | | (16,632,645) | (14,729,358) |
| Cash and cash equivalents at beginning of the period | | 55,178,417 | 57,709,240 |
| Effect of exchange rate changes | | 797,373 | 164,954 |
| Cash and cash equivalents at end of the period | | 39,343,145 | 43,144,836 |
| CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | 433,674 | 1,205,536 |
| Short term borrowings - secured | | (31,380,884) | (36,891,117) |
| Short term highly liquid investments | | 70,290,355 | 78,830,417 |
| | | 39,343,145 | 43,144,836 |

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


Chairman

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2022

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, 2021. Comparative condensed interim statement of financial position is extracted from annual financial statements as at December 31, 2021 whereas comparative condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un-audited condensed interim financial statements of the Company for the nine month period ended September 30, 2021.

- 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, 2021.

4. SHARE CAPITAL

AUTHORISED SHARE CAPITAL

This represents 1,500,000,000 (December 31, 2021: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (December 31, 2021: Rs 15,000,000 thousand).

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

| Un-audited September 30, 2022 | Audited December 31, 2021 | | Un-audited September 30, 2022 | Audited December 31, 2021 |
|-------------------------------------|---------------------------------|---|-------------------------------------|---------------------------------|
| (Number of shares) | | | (Rupees '000) | |
| 256,495,902 | 256,495,902 | Ordinary shares of Rs 10 each, issued for consideration in cash | 2,564,959 | 2,564,959 |
| 1,015,742,345 | 1,015,742,345 | Ordinary shares of Rs 10 each, issued as fully paid bonus shares | 10,157,423 | 10,157,423 |
| 1,272,238,247 | 1,272,238,247 | | 12,722,382 | 12,722,382 |

- 4.1 Fauji Foundation holds 44.35% (December 31, 2021: 44.35%) ordinary shares of the Company at the period end.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2022

| | Note | Un-audited September 30, 2022 | Audited December 31, 2021 |
|---|-------|-------------------------------------|---------------------------------|
| | | (Rupees '000) | |
| 5. LONG TERM BORROWINGS - SECURED | | | |
| From conventional banks | 5.1 | 10,145,615 | 13,244,198 |
| From Islamic banks | 5.2 | 10,000,000 | 8,000,000 |
| | | 20,145,615 | 21,244,198 |
| Less: Current portion shown under current liabilities | | | |
| From conventional banks | | 3,707,504 | 4,504,198 |
| From Islamic banks | | 2,000,000 | - |
| | | 5,707,504 | 4,504,198 |
| | | 14,438,111 | 16,740,000 |
| 5.1 Movement during the period / year is as follows: | | | |
| Opening balance | | 13,244,198 | 12,962,097 |
| Draw-downs during the period / year | | - | 4,469,601 |
| Repayments during the period / year | | (3,098,583) | (4,187,500) |
| Closing balance | 5.1.1 | 10,145,615 | 13,244,198 |

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

These carry mark-up ranging between 6 month KIBOR + 0.05% to 0.15% per annum and 3 month KIBOR + 0.15% per annum (2021: 6 month KIBOR + 0.10% to 0.20% per annum and 3 month KIBOR + 0.15%) and are repayable up to December 2026 (2021: December 2026).

The Company also availed Rs 2,000,000 thousand of which amount currently outstanding is Rs 500,000 thousand (December 31, 2021: Rs 1,000,000 thousand) under the SBP refinance scheme at markup rate from SBP refinance rate + 0.25% to 0.50% (December 31, 2021: SBP refinance rate + 0.25% to 0.50%). This has been recognised at amortised cost, calculated at an effective interest rate of 7.33%.

| | Note | Un-audited September 30, 2022 | Audited December 31, 2021 |
|---|-------|-------------------------------------|---------------------------------|
| 5.2 Movement during the period / year is as follows: | | (Rupees '000) | |
| Opening balance | | 8,000,000 | 2,000,000 |
| Draw-downs during the period / year | | 2,000,000 | 6,000,000 |
| Repayments during the period / year | | - | - |
| Closing balance | 5.2.1 | 10,000,000 | 8,000,000 |

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

These carry profit rates ranging between 6 month KIBOR + 0.10% per annum (2021: 6 month KIBOR + 0.10% to 0.30% per annum) and are repayable up to September 2027.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2022

| | Note | Un-audited September 30, 2022 | Audited December 31, 2021 |
|--|------|-------------------------------------|---------------------------------|
| 6. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE | | | |
| | | (Rupees '000) | |
| Balance at the beginning | | 59,158,374 | 56,716,885 |
| Unwinding of GIDC liability - charge to profit or loss | | - | - |
| | | 59,158,374 | 56,716,885 |
| Gain on extinguishment of original GIDC liability - credited to profit or loss | | - | - |
| Unwinding of GIDC liability - charge to profit or loss | | 1,589,250 | 2,441,489 |
| | | 60,747,624 | 59,158,374 |
| Less: Current portion of GIDC payable | 6.1 | (46,260,865) | (38,356,404) |
| Long-term portion of GIDC payable | | 14,486,759 | 20,801,970 |

6.1 This amount is included in trade and other payables.

6.2 Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including the Company were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government in 24 equal monthly installments.

GIDC was declared payable on the presumption that burden of same has been passed to the customers. In this regard, the Company, along with other industries, filed a review petition before the SCP on the grounds that a factual determination may be carried out to determine how much of the GIDC burden has actually been passed on, amongst other grounds. Later on SCP while deciding the review petition on November 2, 2020, disposed off the review petition against the gas consumers including the Company and stated that the Government of Pakistan (GoP) is agreeable to recover the arrears in 48 monthly installments instead of 24 monthly installments.

The Company also filed a Suit with the Sindh High Court in September 2020 against collection of GIDC installments, before a factual determination of GIDC pass on is carried out, and the Sindh High Court granted a stay in September 2020 against recovery of GIDC payable from the Company till the finalisation of matter by Sindh High Court. The matter is currently pending in the Sindh High Court.

Pursuant to the above decisions of the SCP and without prejudice to the suit filed in Sindh High Court, the Company, on prudent basis had re-measured its GIDC liability payable to Mari Petroleum Company Limited (MPCL) (on behalf of the Government of Pakistan) in 48 monthly installments commencing from August 2020 in prior period. This modification in timing of settlement of GIDC liability reflected substantially different terms from the original liability recognized upto July 2020. The current and non-current portion of the GIDC liability has been segregated in the condensed interim statement of financial position in accordance with the 48 months recovery of installments.

On September 9, 2021, Ministry of Energy (MoE), GoP had written a letter to gas suppliers including Mari Petroleum Company Limited (MPCL), the supplier of gas to the Company, stating that they have sought clarification in respect of 48 monthly installments which is currently pending adjudication in the Court. Therefore, pending stated clarification, the instructions earlier conveyed as in letter dated August 19, 2020 (i.e. 24 month installments) shall remain in the field. Based on legal opinion obtained by the management, the Company believes that there are strong grounds to support that recovery in 48 monthly installments remains applicable. Accordingly, no adjustments in this respect are required in these condensed interim financial statements.

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2022

| | Note | Un-audited June 30, 2022 | Audited December 31, 2021 |
|---|------|--------------------------------|---------------------------------|
| | | (Rupees '000) | |
| 7. SHORT TERM BORROWINGS - SECURED | | | |
| From conventional banks | 7.1 | 28,677,077 | 34,972,693 |
| From Islamic banks | 7.2 | 2,703,807 | 3,981,579 |
| | | 31,380,884 | 38,954,272 |

- 7.1** Short term borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs. 58,760,000 thousands (December 2021: Rs. 52,861,600 thousands) which represent the aggregate of all facility agreements between the Company and respective banks. The facilities have various maturity dates upto December 29, 2023.

The facilities are secured by pari passu / ranking hypothecation charges on assets of the Company besides lien over Mutual Funds /PIBs in certain cases. The per annum rates of mark-up are 1 Month KIBOR + 0.05% to 1 month KIBOR + 0.35% and 3 month KIBOR + 0% to 0.35% (December 2021: 1 week KIBOR - 2.37%, 1 month KIBOR - 0.05% to 1 month KIBOR + 0.35% and 3 month KIBOR + 0% to 0.35%).

- 7.2** Shariah compliant short term borrowings are available from various banking companies under profit arrangements against facilities amounting to Rs. 2,800,000 thousands (December 2021: Rs. 4,000,000 thousands) which represent the aggregate of all facility agreements between the Company and respective banks. The facilities have various maturity dates upto May 31, 2023.

The facilities are secured by ranking hypothecation charges on assets of the Company. The per annum rate of profit is 1 month KIBOR + 0.05% (December 2021: 3 month KIBOR + 0%).

| | Un-audited September 30, 2022 | Audited December 31, 2021 |
|--|-------------------------------------|---------------------------------|
| | (Rupees '000) | |

8. CONTINGENCIES AND COMMITMENTS**8.1 Contingencies:**

- | | | |
|---|------------------|-----------|
| i) Guarantees issued by banks on behalf of the Company | 8,165,564 | 7,384,810 |
| ii) Claims against the Company and / or potential exposure not acknowledged as debt | 50,696 | 50,696 |
- iii) The Company has issued corporate bank guarantee in favour of its subsidiary i.e. Fauji Fresh n Freeze Limited amounting to Rs 2,245,000 thousand (December 31, 2021: Rs 2,245,000 thousand).
- iv) Penalty of Rs 5,500,000 thousand imposed by the Competition Commission of Pakistan (CCP) in 2013, for alleged unreasonable increase in urea prices, which was set aside by the Competition Appellate Tribunal, in appeal filed by the Company, who also remanded the case back to CCP to decide the case afresh under guidelines provided by the Tribunal. CCP did not challenge this order before the Supreme Court of Pakistan in appeal within the stipulated time, thus making the appeal time barred. However, in prior year, CCP under the said Tribunal guidelines resumed the proceedings. The Company also filed writ petition before Islamabad High Court (IHC) which was dismissed by the IHC during the current period. CCP is yet to resume proceedings at its end, at which point the Company shall join the proceedings through its counsel. FFC remains confident of successfully defending these unreasonable claims.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2022

| | Note | Un-audited September 30, 2022 | Audited December 31, 2021 |
|---|------|--|--|
| 8.2 Commitments in respect of: | | (Rupees '000) | |
| i) Capital expenditure | | 3,019,296 | 2,565,416 |
| ii) Purchase of fertilizer, stores, spares and other operational items | | 4,798,245 | 9,973,763 |
| iii) Investment in Thar Energy Limited | | 695,235 | 2,283,042 |
| iv) Contracted out services | | 261,146 | 335,704 |
| 9. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 9.1 | 22,823,097 | 21,943,479 |
| Capital work in progress | 9.2 | 3,605,099 | 2,008,135 |
| Right of use assets | 9.3 | 21,797 | 35,672 |
| | | 26,449,993 | 23,987,286 |
| 9.1 Operating fixed assets | | | |
| Opening written down value | | 21,943,479 | 21,880,111 |
| Additions during the period / year | | 2,712,300 | 2,472,310 |
| Written down value of disposals | | (176) | (183) |
| Depreciation during the period / year | | (1,832,506) | (2,408,759) |
| | | 22,823,097 | 21,943,479 |
| 9.1.1 Additions in and depreciation on operating fixed assets during the nine month period ended September 30, 2021 were Rs 1,693,239 thousand and Rs 1,794,875 thousand respectively. | | | |
| | | Un-audited September 30, 2022 | Audited December 31, 2021 |
| 9.2 Capital work in progress | | (Rupees '000) | |
| Opening value | | 2,008,135 | 897,906 |
| Additions during the period / year | | 2,838,723 | 2,816,117 |
| Transfers during the period / year | | (1,241,759) | (1,705,888) |
| | | 3,605,099 | 2,008,135 |
| 9.3 Right of use assets | | | |
| Opening value | | 35,672 | 62,972 |
| Additions during the period / year | | - | 3,781 |
| Depreciation during the period / year | | (13,875) | (31,081) |
| | | 21,797 | 35,672 |
| 9.4 Depreciation charge has been allocated as follows: | | | |
| Cost of sales | | 1,772,338 | 2,355,726 |
| Distribution cost | | 63,086 | 73,360 |
| Other expenses | | 1,554 | 2,225 |
| Charged to FFBL under the Company Services Agreement | | 9,403 | 8,529 |
| | | 1,846,381 | 2,439,840 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2022

| | Note | Un-audited September 30, 2022 | Audited December 31, 2021 |
|---|------|-------------------------------------|---------------------------------|
| (Rupees '000) | | | |
| 10. LONG TERM INVESTMENTS | | | |
| Investments held at cost | | | |
| In associated companies (Quoted) | | | |
| Fauji Cement Company Limited | 10.1 | 1,500,000 | 1,500,000 |
| Fauji Fertilizer Bin Qasim Limited | | 7,152,693 | 7,152,693 |
| Askari Bank Limited | | 10,461,921 | 10,461,921 |
| | | 19,114,614 | 19,114,614 |
| In associated company (Unquoted) | | | |
| Thar Energy Limited | | 4,490,482 | 3,206,251 |
| Advance against issue of shares | | 851,250 | 376,707 |
| | | 5,341,732 | 3,582,958 |
| 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 Wind Energy Limited - I | | 7,493,051 | 7,493,051 |
| Fauji Wind Energy Limited - II | | 6,019,288 | 6,019,288 |
| Olive Technical Services (Pvt) Limited | | 20,000 | 20,000 |
| Fauji Fresh n Freeze Limited | | | |
| Investment at cost | | 6,335,500 | 6,335,500 |
| Less: Impairment loss | | (2,100,000) | (2,100,000) |
| | | 4,235,500 | 4,235,500 |
| | | 20,206,089 | 20,206,089 |
| | | 45,368,360 | 43,609,586 |
| Investments measured at fair value through other comprehensive income | | | |
| Term Deposit Receipts - from conventional bank | | 93,084 | 110,197 |
| Bank Alfalah Term Finance Certificate | | 185,123 | 185,785 |
| Pakistan Investment Bonds | | 2,731,605 | 4,462,282 |
| | | 3,009,812 | 4,758,264 |
| | | 48,378,172 | 48,367,850 |
| Less: Current portion shown under short term investments - fair value through other comprehensive income | | | |
| Term Deposit Receipts - from conventional bank | | 48,368 | 40,052 |
| Pakistan Investment Bonds | | 354,371 | 2,213,100 |
| | 12 | 402,739 | 2,253,152 |
| | | 47,975,433 | 46,114,698 |

- 10.1** As per the scheme of arrangement effective July 1, 2021, for the amalgamation of Askari Cement Limited (a wholly owned subsidiary of Fauji Foundation), with and into, Fauji Cement Company Limited (FCCL), duly sanctioned by Lahore High Court, Rawalpindi Bench, FCCL has allotted 800,493,615 ordinary shares of Rs 10 each of FCCL credited as fully paid to Fauji Foundation on May 24, 2022. Accordingly, the total number of ordinary shares of FCCL have increased from 1,379,815,025 to 2,180,308,640.

Consequent to above, investment of the Company in FCCL of 93,750 thousand fully paid ordinary shares of Rs 10 each now represents 4.29% of share capital of FCCL (previously 6.79%).

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

For the nine month period ended September 30, 2022

11. OTHER RECEIVABLES

Other receivables include Rs 6,961,878 thousand (December 31, 2021: Rs 6,961,878 thousand) on account of subsidy receivable and Rs 18,418,038 thousand (December 31, 2021: Rs 16,614,878 thousand) on account of sales tax receivable from the Government.

| Note | Un-audited September 30, 2022 | Audited December 31, 2021 |
|------|-------------------------------------|---------------------------------|
| | (Rupees '000) | |

12. SHORT TERM INVESTMENTS

Amortised cost - conventional investments

Term deposits with banks and financial institutions

Local currency

Foreign currency

| | |
|-----------|------------|
| - | 11,000,000 |
| 3,581,555 | 2,712,822 |
| 3,581,555 | 13,712,822 |

Investments at fair value through profit or loss

Conventional investments

Shariah compliant investments

| | |
|------------|------------|
| 66,708,786 | 76,825,517 |
| 14 | 223,474 |
| 66,708,800 | 77,048,991 |

Investments at fair value through other comprehensive income (OCI)

Treasury Bills

| | |
|---|-----------|
| - | 2,181,306 |
|---|-----------|

Current maturity of long term investments

Fair Value through other comprehensive income

| | | |
|----|------------|------------|
| 10 | 402,739 | 2,253,152 |
| | 70,693,094 | 95,196,271 |

| Three month period ended | | Nine month period ended | |
|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Un-audited September 30, 2022 | Un-audited September 30, 2021 | Un-audited September 30, 2022 | Un-audited September 30, 2021 |
| (Rupees '000) | | (Rupees '000) | |

13. TURNOVER - NET

Manufactured urea

Purchased and packaged fertilizers

Less: Sales tax

| | | | |
|------------|------------|-------------|-------------|
| 22,354,968 | 23,330,520 | 68,036,347 | 60,894,283 |
| 2,123,706 | 6,865,044 | 12,283,866 | 14,239,702 |
| 24,478,674 | 30,195,564 | 80,320,213 | 75,133,985 |
| (4,580) | (621,709) | (1,140,406) | (1,541,997) |
| 24,474,094 | 29,573,855 | 79,179,807 | 73,591,988 |

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

For the nine month period ended September 30, 2022

| | Un-audited September 30, 2022 | Un-audited September 30, 2021 |
|--|-------------------------------------|-------------------------------------|
| | (Rupees '000) | |
| 14. CASH GENERATED FROM OPERATIONS | | |
| Profit before taxation | 26,267,019 | 21,870,943 |
| Adjustments for: | | |
| Unwinding of GIDC liability | 1,589,250 | 1,814,573 |
| Loss allowance on subsidy receivable from GoP | 350,000 | - |
| Depreciation | 1,836,978 | 1,811,118 |
| Amortization | 2,470 | 2,865 |
| Finance cost | 3,227,567 | 1,451,916 |
| Provision for / (reversal of) slow moving spares | 17,197 | (5,070) |
| Gain on disposal of operating fixed assets | (40,293) | (16,900) |
| Interest and profit on loans, deposits and investments | (716,484) | (563,146) |
| Amortization of Government grant | (36,652) | (51,454) |
| Exchange (gain) / loss - net | (797,373) | (164,954) |
| Gain on re-measurement of investments at fair value through profit or loss | (127,436) | (683,936) |
| Dividend income | (2,965,538) | (1,926,551) |
| | 2,339,686 | 1,668,461 |
| | 28,606,705 | 23,539,404 |
| Changes in: | | |
| Stores, spares and loose tools | (1,222,433) | (230,260) |
| Stock in trade | (16,115,953) | (10,183,938) |
| Trade debts | 429,887 | (61,722) |
| Loans and advances | (292,860) | (76,231) |
| Deposits and prepayments | (92,303) | (83,832) |
| Other receivables | (3,236,469) | (2,205,192) |
| Trade and other payables | 2,008,243 | 1,233,350 |
| | (18,521,888) | (11,607,825) |
| Changes in long term loans and advances | (1,312,635) | (669,469) |
| Changes in long term deposits and prepayments | 2,216 | (1,578) |
| | 8,774,398 | 11,260,532 |

15. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2021. 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, 2021.

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

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

For the nine month period ended September 30, 2022

| | September 30, 2022 | September 30, 2021 |
|---|-----------------------|-----------------------|
| | (Rupees '000) | |
| 16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES | | |
| Significant transactions and balances with the related parties are as follows: | | |
| HOLDING COMPANY | | |
| Transactions | | |
| Dividend paid | 5,896,284 | 5,360,258 |
| Consideration paid for acquisition - FWEL I & II | - | 8,256,333 |
| Services received | 195,292 | 194,584 |
| Sale of fertilizer | 2,199 | 1,255 |
| Others | 152 | 105 |
| Balances | | |
| Balances payable - unsecured * | 65,000 | - |
| SUBSIDIARY COMPANIES | | |
| Transactions | | |
| Equity investment | - | 13,512,339 |
| Advance against issue of shares | - | 20,000 |
| Interest income | - | 2,219 |
| Receipt of interest accrued on loans | - | 22,834 |
| Rental income | 8,901 | 8,280 |
| Dividend income | 1,710,000 | - |
| Expenses incurred on behalf of subsidiary companies | 84,423 | 121,078 |
| Receipt against expenses on behalf of subsidiary companies | 109,004 | 214,382 |
| Receipt of loan principal | - | 55,279 |
| Sale of Fertilizer | 329 | - |
| Balances | | |
| Balances receivable - unsecured * | 156,204 | 171,819 |
| ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP | | |
| Transactions | | |
| Expenses charged on account of marketing of fertilizer on behalf of associated company | 791,550 | 813,023 |
| Commission on sale of products | 14,951 | 17,931 |
| Consideration paid for acquisition of subsidiaries - FWEL I & II | - | 5,256,006 |
| Payments under consignment account - net | 90,842,619 | 67,124,139 |
| Payments against purchase of gas as feed and fuel stock | 23,795,239 | 24,596,139 |
| Equity investment | 1,284,231 | - |
| Advance against issue of shares | 474,543 | 376,707 |
| Services and materials provided | 4,175 | 16,901 |
| Services and materials received | 441 | 1,368 |
| Donations | 325,208 | 194,000 |
| Interest expense | 435,755 | 117,044 |
| Interest income | 6,371 | 6,901 |
| Dividend income | 1,255,538 | 1,926,551 |

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

For the nine month period ended September 30, 2022

| | September 30, 2022 | September 30, 2021 |
|--|-----------------------|-----------------------|
| | (Rupees '000) | |
| Balances | | |
| Dividend receivable * | 554,136 | - |
| Long term investments * | 93,084 | 110,197 |
| Short term investments * | - | 11,000,000 |
| Short term borrowing * | 13,830,973 | 4,212,743 |
| Running finance * | 216,809 | 215,186 |
| Balances receivable - unsecured * | 362,450 | 360,858 |
| Balances payable - unsecured * | 66,315,456 | 67,052,323 |
| KEY MANAGEMENT PERSONNEL | | |
| Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2022: 1 and 435 (2021: 1 and 433) respectively | 4,056,663 | 3,853,255 |
| STAFF RETIREMENT BENEFITS | | |
| Contributions | | |
| Employees' Provident Fund Trust | 376,161 | 366,250 |
| Employees' Gratuity Fund Trust | 253,339 | 229,632 |
| Employees' Pension Fund Trust | 148,611 | 217,967 |
| Employees' Funds as Dividend on equity holding of 0.25% (2021: 0.18%) | 32,843 | 21,575 |
| Balances | | |
| Balance payable to Gratuity Fund Trust * | 673,523 | 736,858 |
| Balance payable to Pension Fund Trust * | 285,877 | 323,030 |

* Comparative figures of receivable / payable balances are as at December 31, 2021.

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

For the nine month period ended September 30, 2022

17. OPERATING SEGMENTS

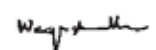
The condensed interim financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company is disclosed in note 13 to the condensed interim financial statements.

18. NON ADJUSTING EVENTS AFTER REPORTING DATE

- 18.1** The Board of Directors of the Company in its meeting held on October 26, 2022 proposed second interim dividend of Rs 3.18 per share.

19. GENERAL

- 19.1** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 19.2** The Company has taken appropriate measures to keep its human resource and assets safe and secure. Further, the Company is continuously monitoring the situation to counter act the changed environment. The management believes that there is no significant financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income or expenses, as disclosed in these condensed interim financial statements. The management has evaluated and concluded that there are no material implications of COVID-19 that require specific disclosures in these condensed interim financial statements.
- 19.3** These condensed interim financial statements have been authorized for issue by the Board of Directors of the Company on October 26, 2022.



Chairman



Chief Executive Officer



Director



Chief Financial Officer



**Condensed Interim
Consolidated
Financial Statements**

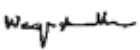
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2022

| | Note | Un-audited September 30, 2022 | Audited December 31, 2021 |
|--|------|-------------------------------------|---------------------------------|
| (Rupees '000) | | | |
| EQUITY AND LIABILITIES | | | |
| EQUITY AND RESERVES | | | |
| Share capital | 4 | 12,722,382 | 12,722,382 |
| Capital reserves | | 9,186,270 | 8,192,070 |
| Revenue reserves | | | |
| General reserves | | 8,802,360 | 8,802,360 |
| Unappropriated profit | | 77,613,341 | 66,706,905 |
| | | 86,415,701 | 75,509,265 |
| Deficit on remeasurement of investments to fair value - net | | (541,998) | (96,563) |
| Non - controlling interest | | 2,522,420 | 2,094,240 |
| | | 110,304,775 | 98,421,394 |
| Share in revaluation reserve of associates - net | | 1,342,486 | 1,342,486 |
| NON - CURRENT LIABILITIES | | | |
| Long term borrowings - secured | 5 | 16,478,251 | 19,171,909 |
| Lease liabilities | | 2,334,361 | 2,939,474 |
| Deferred government grant | | 148,793 | 175,326 |
| Gas Infrastructure Development Cess (GIDC) payable | 6 | 14,486,759 | 20,801,970 |
| Deferred liabilities | | 10,884,116 | 8,540,489 |
| | | 44,332,280 | 51,629,168 |
| CURRENT LIABILITIES | | | |
| Current portion of long term borrowings - secured | 5 | 7,673,230 | 6,953,989 |
| Current portion of lease liabilities | | 3,365,044 | 2,744,891 |
| Current portion of deferred government grant | | 42,092 | 78,419 |
| Trade and other payables | | 74,910,978 | 64,182,542 |
| Mark-up and profit accrued | | 1,084,761 | 743,202 |
| Short term borrowings - secured | 7 | 32,148,884 | 38,999,470 |
| Unclaimed dividend | | 464,934 | 471,891 |
| Taxation | | 9,717,439 | 4,973,806 |
| | | 129,407,362 | 119,148,210 |
| TOTAL EQUITY AND LIABILITIES | | 285,386,903 | 270,541,258 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 8 | | |

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

| | Note | Un-audited September 30, 2022 | Audited December 31, 2021 |
|--|------|-------------------------------------|---------------------------------|
| (Rupees '000) | | | |
| ASSETS | | | |
| NON - CURRENT ASSETS | | | |
| Property, plant and equipment | 9 | 53,024,100 | 50,301,559 |
| Intangible assets | | 1,937,298 | 1,940,793 |
| Long term investments | 10 | 77,039,011 | 70,385,095 |
| Long term loans and advances - secured | | 4,356,772 | 3,044,137 |
| Long term deposits and prepayments | | 30,722 | 31,249 |
| | | 136,387,903 | 125,702,833 |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 6,004,846 | 4,735,610 |
| Stock in trade | | 18,323,842 | 1,353,901 |
| Trade debts | | 16,358,283 | 11,428,346 |
| Loans and advances | | 1,142,973 | 968,842 |
| Deposits and prepayments | | 194,893 | 78,361 |
| Other receivables | 11 | 27,631,596 | 24,366,825 |
| Short term investments | 12 | 77,429,739 | 100,036,963 |
| Cash and bank balances | | 1,912,828 | 1,827,166 |
| | | 148,999,000 | 144,796,014 |
| Asset classified as held for sale | | - | 42,411 |
| TOTAL ASSETS | | 285,386,903 | 270,541,258 |



Chairman



Chief Executive Officer



Director



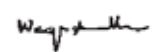
Chief Financial Officer

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

For the nine month period ended September 30, 2022

| | Note | Three month period ended September 30, | | Nine month period ended September 30, | |
|--|------|---|-------------------|--|-------------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | (Rupees '000) | | (Rupees '000) | |
| Turnover - net | 13 | 30,686,415 | 31,186,617 | 92,747,642 | 77,644,161 |
| Cost of sales | | (16,771,856) | (19,051,213) | (53,236,138) | (47,953,902) |
| GROSS PROFIT | | 13,914,559 | 12,135,404 | 39,511,504 | 29,690,259 |
| Administrative and distribution expenses | | (2,898,035) | (2,222,879) | (7,650,831) | (6,465,248) |
| | | 11,016,524 | 9,912,525 | 31,860,673 | 23,225,011 |
| Finance cost | | (1,500,840) | (717,764) | (3,977,068) | (1,677,405) |
| Other losses | | | | | |
| Unwinding of GIDC liability | | (414,486) | (615,755) | (1,589,250) | (1,814,573) |
| Loss allowance on subsidy receivable from GoP | | - | - | (350,000) | - |
| | | (414,486) | (615,755) | (1,939,250) | (1,814,573) |
| Other expenses | | (638,856) | (824,640) | (2,300,630) | (2,119,894) |
| | | 8,462,342 | 7,754,366 | 23,643,725 | 17,613,139 |
| Other income | | 2,795,947 | 1,731,179 | 8,202,354 | 4,104,120 |
| Bargain Purchase Gain | | - | 6,808,824 | - | 6,808,824 |
| Share of profit of associates and joint venture | | 1,774,347 | 3,107,405 | 7,788,899 | 6,740,678 |
| PROFIT BEFORE TAX | | 13,032,636 | 19,401,774 | 39,634,978 | 35,266,761 |
| Provision for taxation | | (2,934,111) | (2,737,371) | (14,156,727) | (7,040,431) |
| PROFIT FOR THE PERIOD | | 10,098,525 | 16,664,403 | 25,478,251 | 28,226,330 |
| ATTRIBUTABLE TO: | | | | | |
| Equity Holders of Fauji Fertilizer Company Limited | | 9,774,809 | 16,664,403 | 24,860,071 | 28,226,330 |
| Non - Controlling Interest | | 323,716 | - | 618,180 | - |
| | | 10,098,525 | 16,664,403 | 25,478,251 | 28,226,330 |
| Earnings per share - basic and diluted (Rupees) | | 7.68 | 13.10 | 19.54 | 22.19 |

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


Chairman

Chief Executive Officer

Director

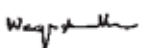
Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

For the nine month period ended September 30, 2022

| | Three month period ended | | Nine month period ended | |
|---|--------------------------|-----------------------|-------------------------|-----------------------|
| | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| | (Rupees '000) | | (Rupees '000) | |
| PROFIT FOR THE PERIOD | 10,098,525 | 16,664,403 | 25,478,251 | 28,226,330 |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that are reclassified subsequently to profit or loss | | | | |
| (Deficit) / surplus on re-measurement of investments to fair value - net of tax | 75,166 | (30,004) | (53,923) | (60,619) |
| Share of equity accounted investees - share of OCI, net of tax | 1,638,264 | 795,498 | (49,589) | (710,503) |
| | 1,713,430 | 765,494 | (103,512) | (771,122) |
| Items that will not be subsequently reclassified to profit or loss | | | | |
| Equity accounted investees - share of OCI, net of tax | 327 | 10,673 | (6,468) | 7,063 |
| Comprehensive income taken to equity | 11,812,282 | 17,440,570 | 25,368,271 | 27,462,271 |
| Comprehensive income not recognised in equity | | | | |
| Items that may be subsequently reclassified to profit or loss | | | | |
| Share in revaluation reserve of associates-net | (92,201) | 65,937 | - | 41,248 |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 11,720,081 | 17,506,507 | 25,368,271 | 27,503,519 |

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


Chairman

Chief Executive Officer

Director

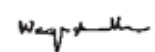
Chief Financial Officer

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

For the nine month period ended September 30, 2022

| | Share capital | Share premium | Capital redemption reserve | Capital reserves | Revenue reserves | (Deficit) / surplus on remeasurement of investments to fair value - net | Non-Controlling Interest | Total |
|--|---------------|---------------|----------------------------|---------------------|------------------|---|--------------------------|--------------|
| | | | | Statutory reserve | General reserve | | | |
| | | | | Translation reserve | (Rupees '000) | | | |
| Balance at January 1, 2021 (Audited) | 12,722,382 | 40,000 | 120,000 | 2,785,992 | 3,790,641 | 8,802,360 | 48,814,236 | 663,884 |
| Non-controlling interests on acquisition of subsidiary | - | - | - | - | - | - | - | 2,254,511 |
| Total comprehensive income | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | 28,226,330 |
| Other comprehensive (loss) - net of tax | - | - | - | (118,750) | - | (652,372) | - | (764,059) |
| | - | - | - | (118,750) | - | (652,372) | - | 27,462,271 |
| Transactions with owners of the Company | | | | | | | | |
| Distributions: | | | | | | | | |
| Final dividend 2020: Rs. 3.40 per share | - | - | - | - | - | - | - | (4,325,610) |
| First interim dividend 2021: Rs 3.50 per share | - | - | - | - | - | - | - | (4,452,834) |
| Second interim dividend 2021: Rs 2.60 per share | - | - | - | - | - | - | - | (3,307,819) |
| | - | - | - | - | - | - | - | (12,086,263) |
| Other changes in equity | | | | | | | | |
| Transfer to statutory reserve | - | - | - | - | 1,160,038 | - | - | (1,160,038) |
| Balance as at September 30, 2021 (Un-Audited) | 12,722,382 | 40,000 | 120,000 | 2,667,242 | 4,950,679 | 8,802,360 | 63,801,328 | 11,512 |
| | 12,722,382 | 40,000 | 120,000 | 3,221,252 | 4,810,818 | 8,802,360 | 66,706,905 | (98,565) |
| Balance at January 1, 2022 (Audited) | | | | | | | | |
| | 12,722,382 | 40,000 | 120,000 | 3,221,252 | 4,810,818 | 8,802,360 | 66,706,905 | (98,565) |
| Total comprehensive income | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | 25,478,251 |
| Other comprehensive income / (loss) - net of tax | - | - | - | 341,923 | - | (445,435) | - | (109,500) |
| | - | - | - | 341,923 | - | (445,435) | - | 25,368,271 |
| Transactions with owners of the Company | | | | | | | | |
| Distributions: | | | | | | | | |
| FFC dividends: | | | | | | | | |
| Final dividend 2021: Rs 4.65 per share | - | - | - | - | - | - | - | (5,915,908) |
| First interim dividend 2022: Rs 3.70 per share | - | - | - | - | - | - | - | (4,707,282) |
| Second interim dividend 2022: Rs 2.10 per share | - | - | - | - | - | - | - | (2,671,700) |
| | - | - | - | - | - | - | - | (13,294,890) |
| FWEIL-JI dividends to non-controlling interest holders: | | | | | | | | |
| First interim dividend 2022: Rs 1.98 per share | - | - | - | - | - | - | (140,000) | (140,000) |
| Second interim dividend 2022: Rs 0.71 per share | - | - | - | - | - | - | (190,000) | (190,000) |
| Other changes in equity | | | | | | | | |
| Transfer to statutory reserve | - | - | - | - | 652,277 | - | - | (652,277) |
| Balance as at September 30, 2022 (Un-Audited) | 12,722,382 | 40,000 | 120,000 | 3,563,175 | 5,463,095 | 8,802,360 | 77,613,341 | (541,995) |
| | 12,722,382 | 40,000 | 120,000 | 3,563,175 | 5,463,095 | 8,802,360 | 77,613,341 | (541,995) |

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



Chairman



Chief Executive Officer



Director



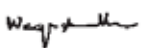
Chief Financial Officer

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

For the nine month period ended September 30, 2022

| | Note | September 30, 2022 | September 30, 2021 |
|---|------|-----------------------|-----------------------|
| (Rupees '000) | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 15 | 13,463,269 | 12,364,237 |
| Finance cost paid | | (3,635,509) | (1,311,282) |
| Income tax paid | | (7,059,574) | (6,163,968) |
| | | (10,695,083) | (7,475,250) |
| Net cash generated from operating activities | | 2,768,186 | 4,888,987 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure | | (4,803,087) | (2,668,065) |
| Proceeds from sale of property, plant and equipment | | 74,053 | 26,667 |
| Acquisition of Subsidiary FWEL-I and FWEL-II | | - | (13,512,339) |
| Investment in Thar Energy Limited | | (1,284,231) | - |
| Advance against issue of shares in Thar Energy Limited | | (474,543) | (376,707) |
| Other investments - net | | 4,779,847 | 3,884,931 |
| Interest and profit received | | 1,297,908 | 748,637 |
| Dividend received | | 701,402 | 2,150,266 |
| Net cash generated from / (used in) investing activities | | 291,349 | (9,746,610) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term financing | | | |
| Draw-downs | | 2,306,701 | 9,207,720 |
| Repayments | | (4,284,475) | (3,744,976) |
| Repayment of lease liabilities | | (1,478,322) | (9,836) |
| Dividend paid | | (13,491,847) | (12,084,181) |
| Net cash used in financing activities | | (16,947,943) | (6,631,273) |
| Net decrease in cash and cash equivalents | | (13,888,408) | (11,488,896) |
| Cash and cash equivalents at beginning of the period | | 57,704,815 | 57,974,712 |
| Effect of exchange rate changes | | 797,371 | 164,954 |
| Cash and cash equivalents at end of the period | | 44,613,778 | 46,650,770 |
| CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | 1,912,828 | 1,523,539 |
| Short term borrowings - secured | | (32,148,884) | (37,556,993) |
| Short term highly liquid investments | | 74,849,834 | 82,684,224 |
| | | 44,613,778 | 46,650,770 |

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


Chairman

Chief Executive Officer

Director

Chief Financial Officer

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

For the nine month period ended September 30, 2022

1. THE COMPANY AND ITS OPERATIONS

Fauji Fertilizer Company Limited (the Group) comprises of Fauji Fertilizer Company Limited (FFC) and its subsidiaries, FFC Energy Limited (FFCEL), Fauji Fresh n Freeze Limited (FFF), Foundation Wind Energy - I Limited (FWEL-I) and Foundation Wind Energy - II Limited (FWEL-II) and OLIVE Technical Services (Private) Limited. The shares of FFC are quoted on Pakistan Stock Exchange.

The principal activity of FFC is manufacturing, purchasing and marketing of fertilizers and chemicals including investment in chemical, other manufacturing and banking operations. FFCEL has setup a 49.5 MW wind energy power project. FFF is principally engaged in the business of processing fresh, frozen fruits, vegetables, fresh meat, frozen cooked and semi cooked food. FWEL-I and FWEL-II individually operate setups of 50MW wind energy power projects. OLIVE Technical Services (Private) Limited is engaged in provision of Technical, Operations, Maintenance, Inspection and IT Services.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim 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, 2021. Comparative figures of condensed interim statement of financial position is extracted from audited consolidated financial statements as at December 31, 2021 whereas comparative figures of condensed interim statement of profit or loss account, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from unaudited condensed interim consolidated financial information of the Group for the nine month period ended September 30, 2021.

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, 2021.

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

For the nine month period ended September 30, 2022

4. SHARE CAPITAL**AUTHORISED SHARE CAPITAL**

This represents 1,500,000,000 (2021: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2021: Rs 15,000,000 thousand).

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

| Un-audited September 30, 2022 | Audited December 31, 2021 | Note | Un-audited September 30, 2022 | Audited December 31, 2021 |
|-------------------------------------|---------------------------------|---|-------------------------------------|---------------------------------|
| (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. LONG TERM BORROWINGS - SECURED**From conventional banks**

| | | | |
|---|-----|------------|------------|
| Fauji Fertilizer Company Limited | 5.1 | 10,145,615 | 13,244,198 |
| FFC Energy Limited | 5.2 | 791,759 | 1,540,537 |
| Fauji Fresh n Freeze Limited | 5.3 | 1,884,790 | 1,607,112 |
| Foundation Wind Energy - I Limited (FWEL - I) | 5.4 | 691,892 | 903,230 |
| Foundation Wind Energy - II Limited (FWEL - II) | 5.5 | 637,425 | 830,821 |

From Islamic banks

| | | | |
|----------------------------------|-----|------------|------------|
| Fauji Fertilizer Company Limited | 5.6 | 10,000,000 | 8,000,000 |
| | | 24,151,481 | 26,125,898 |

Less: Current portion shown under current liabilities

| | | |
|-------------------------|------------|------------|
| From conventional banks | 5,673,230 | 6,953,989 |
| From Islamic banks | 2,000,000 | - |
| | 7,673,230 | 6,953,989 |
| | 16,478,251 | 19,171,909 |

5.1 Movement during the period / year is as follows:

| | | |
|-------------------------------------|-------------|-------------|
| Opening balance | 13,244,198 | 12,962,097 |
| Draw-downs during the period / year | - | 4,469,601 |
| Repayments during the period / year | (3,098,583) | (4,187,500) |
| Closing balance | 10,145,615 | 13,244,198 |

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

These carry mark-up ranging between 6 month KIBOR + 0.05% to 0.15% per annum and 3 month KIBOR + 0.15% per annum (2021: 6 month KIBOR + 0.10% to 0.20% per annum and 3 month KIBOR + 0.15%) and are repayable up to December 2026 (2021: December 2026).

The Company also availed Rs 2,000,000 thousand of which amount currently outstanding is Rs 500,000 thousand (December 31, 2021: Rs 1,000,000 thousand) under the SBP refinance scheme at markup rate from SBP refinance rate + 0.25% to 0.50% (December 31, 2021: SBP refinance rate + 0.25% to 0.50%). This has been recognised at amortised cost, calculated at an effective interest rate of 7.33%.

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

For the nine month period ended September 30, 2022

| | Un-audited September 30, 2022 | Audited December 31, 2021 |
|---|-------------------------------------|---------------------------------|
| 5.2 Movement during the period / year is as follows: | (Rupees '000) | |
| Opening balance | 1,540,537 | 2,900,856 |
| Draw-downs during the period / year | - | - |
| Repayments during the period / year | (748,778) | (1,360,319) |
| Closing balance | 791,759 | 1,540,537 |

5.2.1 This represents long term loan obtained from a consortium of eight financial institutions. This loan carries mark up at 6 month KIBOR + 1.50% payable six monthly in arrears. This loan is repayable on semi-annual installments ending in December 2022. This loan is secured against:

- First ranking exclusive assignment / mortgage over receivables under Energy Purchase Agreement.
- Lien over and set-off rights on project accounts.
- First ranking charge over all moveable assets of FFCEL.
- Exclusive mortgage over lease rights in immovable property on which project situate.
- Pledge of 51% share of FFCEL as an additional comfort, collateral value (Rs: 0) and security margin (%:0).

The long term loan contains certain covenants under the Common Terms Agreement (CTA) dated February 11, 2011, including the maintenance of certain financial ratios, the breach of which will render the loan repayable on demand. Further, CTA contains covenants on the distribution of dividend from the project accounts.

First Amendment to the PF Facility Agreement ("the Amendment") was signed on November 30, 2017 between FFCEL and the Financial Institutions. Under the Amendment, the mark-up rate was reduced to 6 month KIBOR + 1.50% from six months KIBOR + 2.95% with effect from June 30, 2017.

| | Un-audited September 30, 2022 | Audited December 31, 2021 |
|---|-------------------------------------|---------------------------------|
| 5.3 Movement during the period / year is as follows: | (Rupees '000) | |
| Opening balance | 1,607,112 | 118,326 |
| Draw-downs during the period / year | 306,701 | 1,545,756 |
| Repayments during the period / year | (29,023) | (56,970) |
| Closing balance | 1,884,790 | 1,607,112 |

5.3.1 FFF has obtained these facilities for enhancement of its production capacity by installing new French fries production line along with allied equipment. These facilities are secured by way of first pari passu charge over all fixed assets (excluding land and building) with 25% margin and corporate guarantee of the Parent Company. These loans are payable on quarterly / semi-annually basis ending on 2027 and carry markup SBP rate / 3 month KIOBR / 6 month KIBOR + 0.5% to 2.5% payable quarterly.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2022

| | Un-audited September 30, 2022 | Audited December 31, 2021 |
|---|-------------------------------------|---------------------------------|
| 5.4 Movement during the period / year is as follows: | (Rupees '000) | |
| Opening balance | 907,710 | 907,710 |
| Draw-downs during the period / year | - | - |
| Repayments during the period / year | (213,437) | - |
| | 694,273 | 907,710 |
| Less: Transaction cost - | | |
| Initial transaction cost | (4,480) | (6,595) |
| Amortized during the period / year | 2,099 | 2,115 |
| | (2,381) | (4,480) |
| Closing balance | 691,892 | 903,230 |

- 5.4.1** This represents the Musharka Finance Facility of Rs 3,000,000 thousand (December 31, 2021: Rs 3,000,000 thousand) which has been arranged from a consortium of three banks comprising of National Bank of Pakistan, Faysal Bank Limited and United Bank Limited with participation of Rs 1,000,000 thousand each. This facility has been arranged to meet the remaining debt finance requirements for the project cost as stated above. The rate of markup is six months KIBOR + 2.95%. The facility is repayable in 19 semi-annual installments, the first such payment commencing on January 1, 2015 and then on rental payment date (each January 1 and July 1) until and including the final maturity date on January 1, 2024.

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

| | Note | Un-audited September 30, 2022 | Audited December 31, 2021 |
|---|------|-------------------------------------|---------------------------------|
| 5.5 Movement during the period / year is as follows: | | (Rupees '000) | |
| Opening balance | | 833,511 | 833,511 |
| Draw-downs during the period / year | | - | - |
| Repayments during the period / year | | (194,654) | - |
| | | 638,857 | 833,511 |
| Less: Transaction cost - | | | |
| Initial transaction cost | | (2,690) | (3,376) |
| Amortized during the period / year | | 1,258 | 686 |
| | | (1,432) | (2,690) |
| | | 637,425 | 830,821 |

- 5.5.1** This represents the Musharka Finance Facility of Rs 3,000,000 thousand (December 31, 2021: Rs 3,000,000 thousand) which has been arranged from a consortium of three banks comprising of National Bank of Pakistan, Allied Bank Limited and Meezan Bank Limited with participation of Rs 1,000,000 thousand each. This facility has been arranged to meet the remaining debt finance requirements for the project cost as stated above. The rate of markup is six months KIBOR + 2.95%. The facility is now repayable in 19 semi-annual installments, the first such payment commencing on January 1, 2015 and then on rental payment date (each January 1 and July 1) until and including the final maturity date on January 1, 2024.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2022

| | Note | Un-audited September 30, 2022 | Audited December 31, 2021 |
|------------|---|-------------------------------------|---------------------------------|
| 5.6 | Movement during the period / year is as follows: | (Rupees '000) | |
| | Opening balance | 8,000,000 | 2,000,000 |
| | Draw-downs during the period / year | 2,000,000 | 6,000,000 |
| | Repayments during the period / year | - | - |
| | Closing balance | 10,000,000 | 8,000,000 |

- 5.6.1** 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 profit rates ranging between 6 month KIBOR + 0.10% per annum (2021: 6 month KIBOR +0.10% to 0.30% per annum) and are repayable up to September 2027.

6. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE

| | | | |
|---|------------|--------------|--------------|
| Balance at the beginning | | 59,158,374 | 56,716,885 |
| Unwinding of remeasurement gain on GIDC liability | | 1,589,250 | 2,441,489 |
| | | 60,747,624 | 59,158,374 |
| Less: Current portion of GIDC payable | 6.1 | (46,260,865) | (38,356,404) |
| Long-term portion of GIDC payable | | 14,486,759 | 20,801,970 |

- 6.1** This amount is included in trade and other payables.

- 6.2** Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 declared GIDC Act, 2015 a valid legislation. Under the judgement, all gas consumers including FFC were ordered to pay the outstanding GIDC liability as at July 31, 2020 to the Government in 24 equal monthly installments.

GIDC was declared payable on the presumption that burden of same has been passed to the customers. In this regard, FFC, along with other industries, filed a review petition before the SCP on the grounds that a factual determination may be carried out to determine how much of the GIDC burden has actually been passed on, amongst other grounds. Later on SCP while deciding the review petition on November 2, 2020, disposed off the review petition against the gas consumers including FFC and stated that the Government of Pakistan (GoP) is agreeable to recover the arrears in 48 monthly installments instead of 24 monthly installments.

FFC also filed a Suit with the Sindh High Court in September 2020 against collection of GIDC installments, before a factual determination of GIDC pass on is carried out, and the Sindh High Court granted a stay in September 2020 against recovery of GIDC payable from FFC till the finalisation of matter by Sindh High Court. The matter is currently pending in the Sindh High Court.

Pursuant to the above decisions of the SCP and without prejudice to the suit filed in Sindh High Court, FFC, on prudent basis had re-measured its GIDC liability payable to Mari Petroleum Company Limited (MPCL) (on behalf of the Government of Pakistan) in 48 monthly installments commencing from August 2020 in prior period. This modification in timing of settlement of GIDC liability reflected substantially different terms from the original liability recognized upto July 2020. The current and non-current portion of the GIDC liability has been segregated in the condensed interim statement of financial position in accordance with the 48 months recovery of installments.

On September 9, 2021, Ministry of Energy (MoE), GoP had written a letter to gas suppliers including Mari Petroleum Company Limited (MPCL), the supplier of gas to FFC, stating that they have sought clarification in respect of 48 monthly installments which is currently pending adjudication in the Court. Therefore, pending stated clarification, the instructions earlier conveyed as in letter dated August 19, 2020 (i.e. 24 month installments) shall remain in the field. Based on legal opinion obtained by the management, FFC believes that there are strong grounds to support that recovery in 48 monthly installments remains applicable. Accordingly, no adjustments in this respect are required in these condensed interim consolidated financial statements.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2022

| | | Un-audited September 30, 2022 | Audited December 31, 2021 |
|--|-----|-------------------------------------|---------------------------------|
| | | (Rupees '000) | |
| 7. SHORT TERM BORROWINGS - secured | | | |
| From conventional banks | | 29,445,077 | 35,017,891 |
| From Islamic banks | | 2,703,807 | 3,981,579 |
| | | 32,148,884 | 38,999,470 |
| 8. CONTINGENCIES AND COMMITMENTS | | | |
| 8.1 Contingencies: | | | |
| i) Guarantees issued by banks on behalf of the Group companies | | 8,165,564 | 7,384,810 |
| ii) Claims against Group and/or potential exposure not acknowledged as debt | | 50,696 | 50,696 |
| iii) Group's share of contingencies in Fauji Fertilizer Bin Qasim Limited | | 33,049,862 | 28,453,209 |
| iv) Group's share of contingencies in Fauji Cement Company Limited as at June 30, 2022 (2021: September 30, 2021) | | 181,575 | 118,088 |
| v) Group's share of contingencies in Askari Bank Limited as at June 30, 2022 (2021: September 30, 2021) | | 123,532,606 | 113,940,242 |
| 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 FFC, who also remanded the case back to CCP to decide the case afresh under guidelines provided by the Tribunal. CCP did not challenge this order before the Supreme Court of Pakistan in appeal within the stipulated time, thus making the appeal time barred. However, in prior year, CCP under the said Tribunal guidelines resumed the proceedings. FFC also filed writ petition before Islamabad High Court (IHC) which was dismissed by the IHC during the current period. CCP is yet to resume proceedings at its end, at which point FFC shall join the proceedings through its counsel. FFC remains confident of successfully defending these unreasonable claims. | | | |
| | | Un-audited September 30, 2022 | Audited December 31, 2021 |
| | | (Rupees '000) | |
| 8.2 Commitments in respect of: | | | |
| (i) Capital expenditure | | 3,131,315 | 2,755,489 |
| (ii) Purchase of fertilizer, stores, spares and other operational items | | 4,824,318 | 10,078,035 |
| (iii) Investment in Thar Energy Limited | | 695,235 | 2,283,042 |
| (iv) Contracted out services | | 2,394,466 | 335,704 |
| (v) Group's share of commitments of Fauji Fertilizer Bin Qasim Limited | | 11,884,957 | 1,469,348 |
| (vi) Group's share of commitments of Fauji Cement Company Limited as at June 30, 2022 (2021: September 30, 2021) | | 1,898,754 | 2,832 |
| (vii) Group's share of commitments of Askari Bank Limited as at June 30, 2022 (2021: September 30, 2021) | | 216,660,788 | 228,915,759 |
| (viii) Group's share of commitments of PMP as at June 30, 2022 (2021: September 30, 2021) | | 60,418 | 76,859 |
| (ix) Group's share of commitments of TEL as at June 30, 2022 (2021: September 30, 2021) | | 10,867,981 | 6,188,949 |
| 9. PROPERTY PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 9.1 | 39,288,037 | 38,014,250 |
| Capital work in progress | 9.2 | 3,804,630 | 3,072,404 |
| Right of use assets | 9.3 | 9,931,433 | 9,214,905 |
| | | 53,024,100 | 50,301,559 |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2022

| | | Un-audited September 30, 2022 | Audited December 31, 2021 |
|---|---|-------------------------------------|---------------------------------|
| 9.1 Operating fixed assets | | (Rupees '000) | |
| Opening written down value | | 38,014,250 | 31,573,294 |
| Additions on acquisition of subsidiaries - FWEL - I & FWEL - II | | - | 7,370,057 |
| Additions during the period / year | | 4,113,272 | 2,589,090 |
| Written down value of disposals / adjustments | | (11,625) | (5,628) |
| Transfers / adjustments | | - | (42,411) |
| Depreciation during the period / year | | (2,827,860) | (3,463,564) |
| Impairment charge | | - | (6,588) |
| | | 39,288,037 | 38,014,250 |
| 9.1.1 | Additions in and depreciation on operating fixed assets during the six month period ended September 30, 2021 were Rs 1,789,472 thousand and Rs 2,481,628 thousand respectively. | | |
| | | Un-audited September 30, 2022 | Audited December 31, 2021 |
| | Note | | |
| | | (Rupees '000) | |
| 9.2 Capital work in progress | | | |
| Opening value | | 3,072,404 | 935,638 |
| Additions during the period / year | | 3,307,555 | 3,844,010 |
| Transfers during the period / year | | (2,575,329) | (1,707,244) |
| | | 3,804,630 | 3,072,404 |
| 9.3 Right of use assets | | | |
| Opening balance | | 9,214,905 | 87,005 |
| Additions on acquisition of subsidiaries - FWEL - I & FWEL - II | | - | 9,094,940 |
| Additions during the period / year | | - | 43,589 |
| Exchange loss - net | | 1,493,362 | 224,187 |
| Depreciation during the period / year | | (776,834) | (234,816) |
| | | 9,931,433 | 9,214,905 |
| 9.4 Depreciation charge has been allocated as follows: | | | |
| Cost of sales | | 3,470,045 | 3,600,869 |
| Administrative and distribution expenses | | 123,692 | 86,757 |
| Other expenses | | 1,554 | 2,225 |
| Charged to FFBL under the Company Services Agreement | | 9,403 | 8,529 |
| | | 3,604,694 | 3,698,380 |
| 10. LONG TERM INVESTMENTS | | | |
| Equity accounted investments | 10.1 | 74,431,938 | 65,651,617 |
| Other long term investments | 10.2 | 2,607,073 | 4,733,478 |
| | | 77,039,011 | 70,385,095 |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2022

| | Note | Un-audited September 30, 2022 | Audited December 31, 2021 |
|---|---------------|-------------------------------------|---------------------------------|
| 10.1 Equity accounted investments | | (Rupees '000) | |
| Investment in associated companies - under equity method | | | |
| Fauji Cement Company Limited | 10.1.1 | | |
| Balance at the beginning | | 2,441,515 | 2,160,790 |
| Share of profit for the period / year | | 246,843 | 280,725 |
| | | 2,688,358 | 2,441,515 |
| Fauji Fertilizer Bin Qasim Limited | | | |
| Balance at the beginning | | 28,503,794 | 24,051,779 |
| Share of profit for the period / year | | 1,724,177 | 4,467,676 |
| Share of OCI for the period / year | | (17,877) | (15,661) |
| | | 30,210,094 | 28,503,794 |
| Askari Bank Limited | | | |
| Balance at the beginning | | 26,691,561 | 24,721,018 |
| Share of profit for the period / year | | 4,018,148 | 4,082,856 |
| Share of OCI for the period / year | | (115,133) | (481,009) |
| Dividend received | | - | (1,631,304) |
| | | 30,594,576 | 26,691,561 |
| Thar Energy Limited | | | |
| Balance at the beginning | | 3,552,457 | 3,186,377 |
| Investment during the period / year | | 1,284,231 | - |
| Advance against issue of right shares | | 474,543 | 376,707 |
| Share of loss for the period / year | | (14,368) | (10,751) |
| Share of OCI for the period / year | | - | 124 |
| | | 5,296,863 | 3,552,457 |
| Investment in joint venture - under equity method | | | |
| Pakistan Maroc Phosphore S.A., Morocco | | | |
| Balance at the beginning | | 4,462,290 | 3,418,158 |
| Share of profit for the period / year | | 1,814,099 | 1,334,255 |
| Gain on translation of net assets | | 67,060 | 228,839 |
| Dividend received | | (701,402) | (518,962) |
| | | 5,642,047 | 4,462,290 |
| | | 74,431,938 | 65,651,617 |

10.1.1 As per the scheme of arrangement effective July 1, 2021, for the amalgamation of Askari Cement Limited (a wholly owned subsidiary of Fauji Foundation), with and into, Fauji Cement Company Limited (FCCL), duly sanctioned by Lahore High Court, Rawalpindi Bench, FCCL has allotted 800,493,615 ordinary shares of Rs 10 each of FCCL credited as fully paid to Fauji Foundation on May 24, 2022. Accordingly, the total number of ordinary shares of FCCL have increased from 1,379,815,025 to 2,180,308,640.

Consequent to above, investment of FFC in FCCL of Rs. 93,750 thousand fully paid ordinary shares of Rs 10 each now represents 4.29% of share capital of FCCL (previously 6.79%).

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2022

| | Note | Un-audited September 30, 2022 | Audited December 31, 2021 |
|---|------|-------------------------------------|---------------------------------|
| 10.2 Other long term investments | | (Rupees '000) | |
| Investment at fair value through other comprehensive income | | | |
| Term Deposit Receipts - from conventional banks | | 93,084 | 110,197 |
| Term Finance Certificates - from conventional bank | | 185,123 | 185,785 |
| Pakistan Investment Bonds | | 2,731,605 | 5,564,788 |
| Govt. of Pakistan Ijara Sukuk Bonds | | - | 1,125,860 |
| | | 3,009,812 | 6,986,630 |
| Less: Current portion shown under short term investments | | | |
| Investments at fair value through other comprehensive income | | | |
| Term Deposit Receipts - from conventional banks | | 48,368 | 40,052 |
| Pakistan Investment Bonds | | 354,371 | 2,213,100 |
| | 12 | 402,739 | 2,253,152 |
| | | 2,607,073 | 4,733,478 |

11. OTHER RECEIVABLES

These include Rs 6,961,878 thousand (2021: Rs 6,961,878 thousand) on account of subsidy receivable and Rs 18,532,519 thousand (2021: Rs 16,688,314 thousand) on account of sales tax receivable from the Government.

| | | Un-audited September 30, 2022 | Audited December 31, 2021 |
|--|----|-------------------------------------|---------------------------------|
| | | (Rupees '000) | |
| 12. SHORT TERM INVESTMENTS | | | |
| Amortised cost - conventional instruments | | | |
| Term deposits with banks and financial institutions | | | |
| Local currency (net of provision for doubtful recovery of Rs 2,600 thousand) | | 4,559,479 | 15,840,692 |
| Foreign currency | | 3,581,555 | 2,712,822 |
| | | 8,141,034 | 18,553,514 |
| Investments at fair value through profit or loss | | | |
| Conventional investments | | 68,885,952 | 76,825,517 |
| Shariah compliant investments | | 14 | 223,474 |
| | | 68,885,966 | 77,048,991 |
| Investments at fair value through other comprehensive income (OCI) | | | |
| Treasury Bills | | - | 2,181,306 |
| Current maturity of long term investments | | | |
| Investments measured at fair value through other comprehensive income | 11 | 402,739 | 2,253,152 |
| | | 77,429,739 | 100,036,963 |

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2022

| | Three month period ended | | Nine month period ended | |
|---------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | Un-audited September 30, 2022 | Un-audited September 30, 2021 | Un-audited September 30, 2022 | Un-audited September 30, 2021 |
| | (Rupees '000) | | (Rupees '000) | |
| 13. TURNOVER - NET | | | | |
| Fertilizers | 24,480,807 | 30,195,564 | 80,320,213 | 75,133,985 |
| Power | 5,667,581 | 1,293,096 | 12,607,860 | 3,094,941 |
| Food | 1,166,778 | 559,177 | 2,643,620 | 1,521,387 |
| Olive Technical Services | 27,003 | 208 | 39,597 | 208 |
| | 31,342,169 | 32,048,045 | 95,611,290 | 79,750,521 |
| Sales tax | (596,034) | (823,877) | (2,708,162) | (2,029,594) |
| Trade discount | (59,720) | (37,551) | (155,486) | (76,766) |
| | (655,754) | (861,428) | (2,863,648) | (2,106,360) |
| | 30,686,415 | 31,186,617 | 92,747,642 | 77,644,161 |

14. SEGMENT INFORMATION

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

| Reportable segments | | | | |
|---------------------|-------|------|--------------------|-------|
| Fertilizers* | Power | Food | Technical Services | Total |
| (Rupees '000) | | | | |

September 30, 2022 (Un-audited)**Assets**

| | | | | | |
|----------------------------|-------------|------------|-----------|--------|-------------|
| Segment assets (Total) | 152,320,774 | 53,420,040 | 5,177,479 | 36,672 | 210,954,965 |
| Equity accounted investees | 74,431,938 | - | - | - | 74,431,938 |

Liabilities

| | | | | | |
|-----------------------------|-------------|------------|-----------|--------|-------------|
| Segment liabilities (Total) | 160,169,694 | 10,117,341 | 3,436,498 | 16,109 | 173,739,642 |
|-----------------------------|-------------|------------|-----------|--------|-------------|

Capital expenditure

| | | | | | |
|--|-----------|--------|---------|---|-----------|
| | 4,309,264 | 62,814 | 473,420 | - | 4,845,498 |
|--|-----------|--------|---------|---|-----------|

Depreciation

| | | | | | |
|--|-----------|-----------|---------|-----|-----------|
| | 1,846,381 | 1,657,275 | 257,794 | 157 | 3,761,607 |
|--|-----------|-----------|---------|-----|-----------|

December 31, 2021 (Audited)**Assets**

| | | | | | |
|----------------------------|-------------|------------|-----------|--------|-------------|
| Segment assets (Total) | 153,456,633 | 47,217,328 | 4,195,671 | 20,009 | 204,889,641 |
| Equity accounted investees | 65,651,617 | - | - | - | 65,651,617 |

Liabilities

| | | | | | |
|-----------------------------|-------------|------------|-----------|-------|-------------|
| Segment liabilities (Total) | 158,085,386 | 10,405,018 | 2,278,742 | 8,232 | 170,777,378 |
|-----------------------------|-------------|------------|-----------|-------|-------------|

Capital expenditure

| | | | | | |
|--|-----------|--------|---------|-----|-----------|
| | 4,424,917 | 64,374 | 235,812 | 753 | 4,725,856 |
|--|-----------|--------|---------|-----|-----------|

Depreciation

| | | | | | |
|--|-----------|-----------|---------|-----|-----------|
| | 2,387,535 | 1,011,747 | 298,971 | 127 | 3,698,380 |
|--|-----------|-----------|---------|-----|-----------|

*Net of consolidated adjustments / eliminations

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

For the nine month period ended September 30, 2022

| | September 30, 2022 | September 30, 2021 |
|--|-----------------------|-----------------------|
| | (Rupees '000) | |
| 15. CASH GENERATED FROM OPERATIONS | | |
| Profit before taxation | 39,634,978 | 35,266,761 |
| Adjustments for: | | |
| Unwinding of GIDC liability | 1,589,250 | 1,814,573 |
| Loss allowance on subsidy receivable from GoP | 350,000 | - |
| Bargain Purchase Gain | - | (6,808,824) |
| Depreciation | 3,595,291 | 2,483,090 |
| Amortization | 3,495 | 4,115 |
| Amortization of transaction cost | 3,357 | 9,426 |
| Finance cost | 3,977,068 | 1,673,897 |
| Provision for / (reversal of) slow moving spares | 17,197 | (5,070) |
| Gain on disposal of operating fixed assets | (62,428) | (22,004) |
| Interest and profit on loans, deposits and investments | (1,190,492) | (666,411) |
| Amortization of Government grant | (62,860) | (51,454) |
| Exchange (gain) / loss - net | (797,371) | (164,954) |
| Share of profit of associated companies and joint venture | (7,788,899) | (6,740,678) |
| Loss / (gain) on remeasurement of investments at fair value through profit or loss | (127,426) | (683,936) |
| | (493,818) | (9,158,230) |
| | 39,141,160 | 26,108,531 |
| Changes in: | | |
| Stores, spares and loose tools | (1,286,433) | (271,399) |
| Stock in trade | (16,969,941) | (10,723,627) |
| Trade debts | (4,929,937) | (803,750) |
| Loans and advances | (174,131) | (141,438) |
| Deposits and prepayments | (116,532) | (106,687) |
| Other receivables | (3,712,784) | (2,396,353) |
| Trade and other payables | 2,823,975 | 1,373,346 |
| | (24,365,783) | (13,069,908) |
| Changes in long term loans and advances | (1,312,635) | (669,469) |
| Changes in long term deposits and prepayments | 527 | (4,917) |
| | 13,463,269 | 12,364,237 |

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

For the nine month period ended September 30, 2022

16. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Groups's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended December 31, 2021. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited consolidated financial statements of the Company for the year ended December 31, 2021.

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

| | September 30, 2022 | September 30, 2021 |
|--|-----------------------|-----------------------|
| | (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 | 5,896,284 | 5,360,258 |
| Consideration paid for acquisition - FWEL I & II | - | 8,256,333 |
| Services received | 195,292 | 194,584 |
| Sale of fertilizer | 2,199 | 1,255 |
| Others | 113,983 | 105 |

Balances

| | | |
|----------------------------------|--------|---|
| Balance receivable - unsecured * | 12,079 | - |
| Balance payable - unsecured * | 65,000 | - |

ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP**Transactions**

| | | |
|---|------------|------------|
| Expenses charged on account of marketing of fertilizer on behalf of associated company | 791,550 | 813,023 |
| Commission on sale of products | 14,951 | 17,931 |
| Consideration paid for acquisition - FWEL I & II | - | 5,256,006 |
| Payment under consignment account - net | 90,842,619 | 69,124,139 |
| Payments against purchase of gas as feed and fuel stock | 23,795,239 | 24,596,139 |
| Equity investment | 1,284,231 | - |
| Advance against issue of shares | 474,543 | 376,707 |
| Services and materials provided | 4,175 | 16,901 |
| Services and materials received | 441 | 1,368 |
| Donation | 325,208 | 194,000 |
| Interest expense | 446,926 | 132,140 |
| Interest income | 22,481 | 13,421 |
| Dividend income | 1,255,538 | 1,926,551 |

Balances

| | | |
|----------------------------------|------------|------------|
| Dividend receivable * | 554,136 | - |
| Long term investments * | 93,084 | 110,197 |
| Short term investments * | - | 11,000,000 |
| Long term borrowings * | 482,873 | 406,911 |
| Short term borrowings * | 13,830,973 | 4,212,743 |
| Bank balance * | 243,290 | 12,019 |
| Running finance * | 216,809 | 215,186 |
| Balance receivable - unsecured * | 362,450 | 360,858 |
| Balance payable - unsecured * | 66,315,456 | 67,052,323 |

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

| | September 30, 2022 | September 30, 2021 |
|---|-----------------------|-----------------------|
| KEY MANAGEMENT PERSONNEL | (Rupees '000) | |
| Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2022: 2 and 435 (2021: 1 and 442) respectively. | 4,180,336 | 3,927,843 |
| STAFF RETIREMENT BENEFITS | | |
| Contribution | | |
| Employees' Provident Fund Trust | 384,310 | 371,828 |
| Employees' Gratuity Fund Trust | 262,075 | 229,632 |
| Employees' Pension Fund Trust | 148,611 | 217,967 |
| Employees' Funds as Dividend on equity holding of 0.25% (2021: 0.18%) | 32,843 | 21,575 |
| Balances | | |
| Balance payable to Gratuity Fund Trust * | 692,191 | 780,237 |
| Balance payable to Pension Fund Trust * | 285,877 | 323,030 |

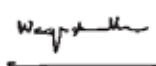
* Comparative figures of receivable / payable balances are as of December 31, 2021.

18. NON ADJUSTING EVENTS AFTER REPORTING DATE

- 18.1** The Board of Directors of FFC in its meeting held on October 26, 2022 proposed second interim dividend of Rs 3.18 per share.

19. GENERAL

- 19.1** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 19.2** The Group has taken appropriate measures to keep its human resource and assets safe and secure. Further, the Group is continuously monitoring the situation to counter act the changed environment. The management believes that there is no significant financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income or expenses, as disclosed in these condensed interim financial statements. The management has evaluated and concluded that there are no material implications of COVID-19 that require specific disclosures in these condensed interim consolidated financial statements.
- 19.3** These condensed interim consolidated financial statements have been authorized for issue by the Board of Directors of FFC on October 26, 2022.



Chairman



Chief Executive Officer



Director



Chief Financial Officer



SAY NO TO CORRUPTION

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



Askari Bank Ltd



Fauji Cement Company Ltd

