



FFC

**FAUJI FERTILIZER
COMPANY LIMITED**



THIRD QUARTER
FINANCIAL
STATEMENTS

September 30, 2023 (Un - Audited)

CONTENTS

03

Company Information

04

Directors' Review

07

ڈائریکٹرز کا تجزیہ

08

Condensed Interim
Financial Statements

25

Condensed Interim
Consolidated Financial Statements

SAY NO TO CORRUPTION

Company Information

BOARD OF DIRECTORS

Mr. Waqar Ahmed Malik (SI)

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)

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

Syed Bakhtiyar Kazmi

Mr. Shoaib Javed Hussain

Mr. Jehangir Shah

Dr. Ayesha Khan

Mr. Asad Rehman Gilani

Mr. Yassir Ghiyati

CHIEF FINANCIAL OFFICER

Syed Atif Ali

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

E-mail: atif_ali@ffc.com.pk

COMPANY SECRETARY

Brig Irfan Khan, Tbt (Retd)

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

E-mail: secretary@ffc.com.pk

REGISTERED OFFICE

156 The Mall, Rawalpindi Cantt, Pakistan

Website: www.ffc.com.pk

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

Fax No. +92-51-8459925, E-mail: ffcw@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 Shahr-e-Faisal, Karachi – 74400

Tel: +92-0800-23275, Fax: +92-21-34326053

DIRECTORS' REVIEW

For the nine months ended September 30, 2023

Dear Shareholders

We are pleased to inform you that your Company has earned a net profit of Rs 22.21 billion with an Earnings per Share of Rs 17.46 for the subject period, compared to Rs 11.67 last year. The earnings in dollar terms, however, stood at USD 80 million compared to USD 75 million in the previous year mainly due to significant devaluation of Pak Rupee.

This achievement is primarily attributable to highest ever other income of Rs 12.53 billion, 22% higher than last year. Other factors contributing to increased profitability include cost economization and efficiency optimization, undertaken in view of persistent high rates of inflation, financial cost and weak rupee.

The performance of our plant sites remained excellent with high reliability factors, while also maintaining the optimum standards of Health, Safety and Environment. The plant sites delivered urea output of 1,926 thousand tonnes, around 7% higher than last year owing to the above factors and also because of timing difference of annual maintenance turnaround which in 2023 is planned in the last quarter of the year.

Higher production, favourable weather and anticipation of increase in urea selling prices due to impending gas price increase resulted in a surge in sales volume to 1,911 thousand tonnes compared to 1,795 thousand tonnes last year. These factors along with the pass through of high inflation and interest rates, led to sales revenue of Rs 116 billion against Rs 79 billion in the previous year.

It is worth noting that urea selling prices exhibited significant variation within the fertilizer industry, with FFC offering urea at lower selling prices by around Rs 200-Rs 500 per bag compared to the market. Sona urea prices towards the close of the period stood at around Rs 3,200 per bag in contrast to international prices hovering around Rs 7,200 per bag.

The high rate of inflation resulted in an increase of 46% in cost of sales to Rs 71.21 billion, and an escalation of 26% in distribution cost which stood at Rs 8.73 billion. The surge in interest rates led to higher finance cost by 24% to Rs 4 billion. The impact of these costs would have been much higher in the absence of cost economization and efficiency improvement measures implemented by the management.

To ensure a steady stream of income for the shareholders, the Board is pleased to announce third interim dividend of Rs 3.98 per share, with the aggregate distribution of Rs 11.39 per share during the period.

The shareholders would also be pleased to know that the Company has once again secured the first position in the PSX Top 25 Companies Award. This is the 13th consecutive year that FFC has been awarded the distinction. In addition, the Annual Report of the Company for year 2022 has also secured the top positions in all the three categories of the Best Corporate Report competition jointly held by the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan (ICAP/ICMAP), which is a testament to good governance, transparency and best practices.

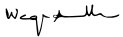
FUTURE OUTLOOK

The Government is also considering to increase the gas prices, which would cause substantial rise in the Company's production cost. This increase shall have to be passed on for sustained profitability besides building up reserves for the capital- intensive nodal compression project and planned capital expenditure in the upcoming years to maintain the production levels by our aging plants.

The long outstanding GST receivable and subsidy refunds also continue to remain unsettled, negatively impacting the working capital of the Company.

The Islamabad High Court has declared the retrospective imposition of super tax from the year 2021 as unconstitutional. The tax department has filed an intra-court appeal against the decision which is sub judice. However, pursuant to the Supreme Court ruling the Company has already deposited 50% of the super tax liability for the year 2021. Finance Act 2023 raised the super tax rate from 4% to 10% retrospectively. This increase was challenged and the Company has been able to secure a stay order against the retrospective increase for the year 2022.

The Board remains focused on reinvesting in the fertilizer industry for food security in the country as well as offering attractive returns to its shareholders.



Waqar Ahmed Malik
Chairman



Sarfaraz Ahmed Rehman
Managing Director &
Chief Executive Officer

Rawalpindi
October 25, 2023

یہ اعزاز دیا گیا ہے۔ مزید برآں، کمپنی کی سالانہ رپورٹ نے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان اور انسٹیٹیوٹ آف کاسٹ اینڈ مینجمنٹ اکاؤنٹنٹس آف پاکستان کی جانب سے مشترکہ طور پر منعقد کیے گئے بیسٹ کارپوریٹ رپورٹ (Best Corporate Report) مقابلے کی ٹیموں کیٹیگریز میں پہلی پوزیشن حاصل کی ہے، جو کہ عمدہ نظم و نسق، شفافیت اور بہترین روایات کا منہ بولتا ثبوت ہے۔

متوقع مستقبل

حکومت گیس کی قیمتوں میں اضافے پر بھی غور کر رہی ہے جو کمپنی کی پیداواری لاگت میں نمایاں اضافے کا باعث بنے گا۔ منافع کو برقرار رکھنے کے ساتھ ساتھ نوڈل کمپریشن پراجیکٹ اور پرانے ہوتے ہوئے پلانٹس کی پیداوار کو برقرار رکھنے کے تناظر میں مجوزہ سرمایہ کاری کے لیے درکار کثیر رقوم کے ذخائر کو بڑھانے کے لیے اس اضافے کو آگے منتقل کرنے کے علاوہ کوئی چارہ نہیں۔

طویل عرصے سے واجب الوصول جی ایس ٹی اور سبسڈی ریفرنڈز بھی مسلسل کمپنی کے جاری سرمائے (Working Capital) کو منفی طور پر متاثر کر رہے ہیں۔

اسلام آباد ہائی کورٹ نے سال 2021 سے سپر ٹیکس کے نفاذ کو غیر آئینی قرار دیا ہے۔ محکمہ ٹیکس نے اس فیصلے کے خلاف انٹرا کورٹ اپیل دائر کی ہے جو کہ زیر سماعت ہے۔ تاہم، سپریم کورٹ کی ہدایات کے مطابق، سال 2021 کے لیے سپر ٹیکس کی ذمہ داری کا 50 فیصد، کمپنی پہلے ہی جمع کرا چکی ہے۔ فنانس ایکٹ 2023 کے تحت سپر ٹیکس کی شرح کو 4 فیصد سے بڑھا کر 10 فیصد کر دیا ہے اور اس کا ماضی سے اطلاق کیا گیا ہے۔ اس اضافے کو چیلنج کیا گیا اور کمپنی نے سال 2022 سے اطلاق کے خلاف حکم انتاعی حاصل کر لیا ہے۔

بورڈ، کھاد کی صنعت میں مسلسل سرمایہ کاری پر توجہ مرکوز کیے ہوئے ہے تاکہ ملکی غذائی تحفظ کے ساتھ ساتھ حصہ داران کو پرکشش منافع کی فراہمی بھی جاری رکھی جاسکے۔

بورڈ کی جانب سے،

Sajid Ahmad Rehman

سرمہراز احمد رحمان
چیننگ ڈائریکٹر و چیف ایگزیکٹو آفیسر

محمد احمد ملک

دفتراز احمد ملک
چیرمین

راولپنڈی

25 اکتوبر 2023

ڈائریکٹرز کا تجزیہ

30 ستمبر 2023 کو ختم ہونے والی مدت کے لیے

معزز حصہ داران!

آپ کو یہ اطلاع دیتے ہوئے ہمیں خوشی ہو رہی ہے کہ آپ کی کمپنی نے زیر جائزہ مدت کے لیے 22.21 ارب روپے کا خالص منافع حاصل کیا ہے جبکہ فی حصہ آمدن 17.46 روپے رہی جو کہ گزشتہ برس 11.67 روپے فی حصہ تھی۔ تاہم، امریکی ڈالر کے تناسب سے آمدن 80 ملین ڈالر رہی جو کہ گزشتہ برس 75 ملین ڈالر تھی اور اس کا سبب روپے کی قدر میں نمایاں کمی ہے۔

اس کامیابی کا بنیادی سبب 12.53 ارب روپے کی بلند ترین دیگر آمدن ہے (Other Income) جو کہ گزشتہ برس کے مقابلے میں 22 فیصد زائد ہے۔ منافع میں بہتری کا سبب بننے والے دیگر عوامل میں اخراجات پر قابو، استعداد میں اضافے جیسے اقدامات شامل ہیں جو کہ مسلسل بلند افراط زر، مالیاتی لاگت اور کمزور روپے کے تناظر میں اٹھائے گئے۔

ہمارے کارخانوں کی کارکردگی، انتہائی قابل بھروسہ عوامل کے ساتھ، بہترین رہی جبکہ صحت، تحفظ اور ماحولیات (Health, Safety & Environment) کے اعلیٰ ترین معیارات کو بھی برقرار رکھا گیا۔ کارخانوں نے 1,926 ہزار ٹن یوریا کی پیداوار فراہم کی جو کہ گزشتہ برس سے تقریباً 7 فیصد زائد ہے جس کا بنیادی سبب متذکرہ بالا عوامل کے علاوہ، سالانہ مرمت و بحالی، (Annual maintenance turnaround) کے وقت کا فرق ہے جو کہ 2023 میں سال کی آخری سہ ماہی کے دوران شیڈول کیا گیا ہے۔

زائد پیداوار، سازگار موسم اور گیس کی قیمتوں میں ممکنہ اضافے کے سبب کھاد کے نرخوں میں بڑھوتری کی توقعات کی وجہ سے کھاد کی فروخت میں خاطر خواہ اضافہ ریکارڈ کیا گیا۔ نتیجتاً، یوریا کی فروخت کا حجم 1,119 ہزار ٹن ہو گیا جو کہ گزشتہ برس 7,951 ہزار ٹن تھا۔ ان عوامل اور بلند افراط زر اور شرح سود کے اثرات کو آگے منتقل کرنے کے باعث آمدن فروخت 116 ارب روپے ہو گئی جو کہ گزشتہ برس 79 ارب روپے تھی۔

یہاں یہ بات بھی قابل ذکر ہے کہ ملک میں یوریا کی قیمتوں میں نمایاں تغیر رہا، جس میں ایف ایف سی نے مقامی مارکیٹ کے مقابلے میں 200-500 روپے فی بوری کم نرخ پر یوریا فروخت کی۔ سونا یوریا کی قیمت، مدت کے آخری ایام میں تقریباً 3,200 روپے فی بوری رہی جبکہ عالمی قیمتیں 7,200 روپے فی بوری رہیں۔

بلند افراط زر کے باعث، لاگت فروخت (Cost of Sales) 46 فیصد اضافے کے ساتھ 71.21 ارب روپے رہی جبکہ لاگت ترسیل (Distribution Cost) 26 فیصد اضافے کے ساتھ 8.73 ارب روپے پر پہنچ گئی۔ شرح سود میں تیزی، مالیاتی لاگت میں اضافے کا باعث بنی جو کہ 24 فیصد اضافے کے ساتھ 4 ارب روپے رہی۔ ان لاگوں کے اثرات بہت زیادہ ہو سکتے تھے اگر مینجمنٹ کی جانب سے اخراجات پر قابو اور استعداد میں بہتری کے لیے اقدامات نہ کیے گئے ہوتے۔

اپنے حصہ داران کے لیے مستقل آمدن کو یقینی بنانے کے لیے، بورڈ 3.98 روپے فی حصہ کے تیسرے عبوری منافع منقسمہ کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے اس طرح زیر جائزہ مدت کے دوران مجموعی ادائیگی 11.39 روپے فی حصہ ہو گئی ہے۔

حصہ داران کو یہ جان کر بھی خوشی ہو گی کہ کمپنی نے پاکستان سٹاک ایکسچینج ٹاپ 25 کمپنیز ایوارڈ میں ایک مرتبہ پھر پہلی پوزیشن حاصل کی ہے۔ یہ مسلسل 13 واں سال ہے کہ ایف ایف سی کو



Condensed Interim Financial Statements

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2023

	Note	Un-audited September 30, 2023	Audited December 31, 2022
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	4	12,722,382	12,722,382
Capital reserves		160,000	160,000
Revenue reserves			
General reserves		8,802,360	8,802,360
Unappropriated profit		38,044,122	29,265,107
		46,846,482	38,067,467
Deficit on remeasurement of investments at fair value - net		(213,591)	(114,888)
		59,515,273	50,834,961
NON - CURRENT LIABILITIES			
Long term borrowings - secured	5	11,422,500	16,295,000
Lease liabilities		3,016	17,437
Gas Infrastructure Development Cess (GIDC) payable	6	-	7,940,534
Deferred liabilities		3,338,420	3,272,408
		14,763,936	27,525,379
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	5	6,645,000	5,445,000
Current portion of lease liabilities		18,639	15,743
Trade and other payables		107,932,298	89,836,138
Mark-up and profit accrued		1,527,474	1,505,936
Short term borrowings - secured	7	5,199,509	57,994,421
Unclaimed dividend		545,185	478,676
Taxation		11,345,004	6,485,753
		133,213,109	161,761,667
TOTAL LIABILITIES		147,977,045	189,287,046
TOTAL EQUITY AND LIABILITIES		207,492,318	240,122,007

CONTINGENCIES AND COMMITMENTS

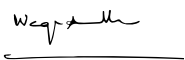
8

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2023

	Note	Un-audited September 30, 2023	Audited December 31, 2022
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	9	35,675,266	27,631,051
Intangible assets		1,572,607	1,573,143
Long term investments	10	48,629,540	50,525,124
Long term loans and advances - secured		5,115,660	4,555,580
Long term deposits and prepayments		12,378	12,378
		91,005,451	84,297,276
CURRENT ASSETS			
Stores, spares and loose tools		7,540,928	6,301,086
Stock in trade		1,788,572	19,487,801
Trade debts		1,691,080	371,540
Loans and advances - secured		3,316,753	952,546
Deposits and prepayments		325,859	301,327
Other receivables	11	24,084,605	26,620,590
Short term investments	12	76,686,262	100,269,870
Cash and bank balances		1,052,808	1,519,971
		116,486,867	155,824,731
TOTAL ASSETS		207,492,318	240,122,007


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, 2023

	Note	Three month period ended		Nine month period ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		(Rupees '000)		(Rupees '000)	
Turnover - net	13	44,135,176	24,474,094	116,093,225	79,179,807
Cost of sales		(30,482,254)	(15,034,126)	(71,212,769)	(48,839,767)
GROSS PROFIT		13,652,922	9,439,968	44,880,456	30,340,040
Distribution cost		(2,988,327)	(2,615,242)	(8,726,626)	(6,921,760)
		10,664,595	6,824,726	36,153,830	23,418,280
Finance cost		(1,347,814)	(1,210,419)	(4,004,797)	(3,227,567)
Other losses					
Unwinding of GIDC liability		(259,615)	(414,486)	(963,897)	(1,589,250)
Loss allowance on subsidy receivable from GoP		(100,000)	-	(600,000)	(350,000)
		(359,615)	(414,486)	(1,563,897)	(1,939,250)
Other expenses		(1,313,516)	(630,191)	(3,571,626)	(2,272,892)
		7,643,650	4,569,630	27,013,510	15,978,571
Other income		6,231,264	2,879,046	12,525,883	10,288,448
PROFIT BEFORE TAXATION		13,874,914	7,448,676	39,539,393	26,267,019
Provision for taxation		(4,740,062)	(2,205,000)	(17,325,543)	(11,424,000)
PROFIT FOR THE PERIOD		9,134,852	5,243,676	22,213,850	14,843,019
Earnings per share - basic and diluted (Rupees)		7.18	4.12	17.46	11.67

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



Chairman



Chief Executive Officer



Director

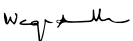


Chief Financial Officer

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

	Three month period ended		Nine month period ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(Rupees '000)		(Rupees '000)	
PROFIT FOR THE PERIOD	9,134,852	5,243,676	22,213,850	14,843,019
OTHER COMPREHENSIVE INCOME / (LOSS)				
Items that may be subsequently reclassified to profit or loss:				
Surplus / (deficit) on remeasurement of investments to fair value - net	(8,461)	49,722	(98,703)	(53,923)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	9,126,391	5,293,398	22,115,147	14,789,096

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



Chairman



Chief Executive Officer



Director



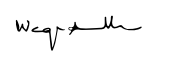
Chief Financial Officer

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

For the nine month period ended September 30, 2023

	Share capital	Capital reserves	Revenue reserves		Surplus / (deficit) on remeasurement of investments to fair value - net	Total
			General reserves	Unappropriated profit		
				(Rupees '000)		
Balance as at January 1, 2022 (Audited)	12,722,382	160,000	8,802,360	25,779,498	50,054	47,514,294
Total comprehensive income						
Profit for the period	-	-	-	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
Balance as at January 1, 2023 (Audited)	12,722,382	160,000	8,802,360	29,265,107	(114,888)	50,834,961
Total comprehensive income						
Profit for the period	-	-	-	22,213,850	-	22,213,850
Other comprehensive (loss) - net of tax	-	-	-	-	(98,703)	(98,703)
	-	-	-	22,213,850	(98,703)	22,115,147
Transactions with owners of the Company						
Distributions:						
Final dividend 2022: Rs 3.15 per share	-	-	-	(4,007,550)	-	(4,007,550)
First interim dividend 2023: Rs 4.26 per share	-	-	-	(5,419,735)	-	(5,419,735)
Second interim dividend 2023: Rs 3.15 per share	-	-	-	(4,007,550)	-	(4,007,550)
	-	-	-	(13,434,835)	-	(13,434,835)
Balance as at September 30, 2023 (Un-audited)	12,722,382	160,000	8,802,360	38,044,122	(213,591)	59,515,273

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



Chairman



Chief Executive Officer



Director



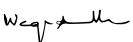
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the nine month period ended September 30, 2023

	Note	September 30, 2023	September 30, 2022
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	64,396,184	8,774,398
Finance cost paid		(3,981,811)	(3,048,606)
Income tax paid		(12,346,292)	(6,974,738)
		(16,328,103)	(10,023,344)
Net cash generated from / (used in) operating activities		48,068,081	(1,248,946)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(9,887,185)	(4,309,264)
Proceeds from sales of operating fixed assets		80,426	40,469
Investment in Thar Energy Limited		-	(1,284,231)
Advance against issue of shares - Thar Energy Limited		(226,908)	(474,543)
Other investments - net		816,063	1,846,565
Interest and profit received		1,162,532	810,745
Dividend received		1,800,000	2,411,402
Net cash used in investing activities		(6,255,072)	(958,857)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing:			
Draw-downs		-	2,000,000
Repayments		(3,672,500)	(3,098,583)
Repayment of lease liabilities		(12,973)	(24,412)
Dividend paid		(13,368,326)	(13,301,847)
Net cash used in financing activities		(17,053,799)	(14,424,842)
Net increase / (decrease) in cash and cash equivalents		24,759,210	(16,632,645)
Cash and cash equivalents at beginning of the period		39,784,483	55,178,417
Effect of exchange rate changes		990,370	797,373
Cash and cash equivalents at end of the period		65,534,063	39,343,145
CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,052,808	433,674
Short term borrowings - secured		(5,199,509)	(31,380,884)
Short term highly liquid investments		69,680,764	70,290,355
		65,534,063	39,343,145

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


Chairman

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 The disclosures in these condensed interim financial statements do not include the information reported for full annual financial statements and should therefore be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2022. Comparative condensed interim statement of financial position is extracted from annual financial statements as at December 31, 2022 whereas comparative condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un-audited condensed interim financial statements of the Company for the nine month period ended September 30, 2022.

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

3. Significant accounting policies

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim financial statements and financial risk management policy are the same as those applied in preparation of annual financial statements of the Company for the year ended December 31, 2022.

4. SHARE CAPITAL

AUTHORISED SHARE CAPITAL

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

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited September 30, 2023	Audited December 31, 2022		Un-audited September 30, 2023	Audited December 31, 2022
(Number of shares)			(Rupees '000)	
256,495,902	256,495,902	Ordinary shares of Rs 10 each, issued for consideration in cash	2,564,959	2,564,959
1,015,742,345	1,015,742,345	Ordinary shares of Rs 10 each, issued as fully paid bonus shares	10,157,423	10,157,423
1,272,238,247	1,272,238,247		12,722,382	12,722,382

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

- 4.1 Fauji Foundation holds 44.35% (December 31, 2022: 44.35%) ordinary shares of the Company as at the period end.

	Note	Un-audited September 30, 2023	Audited December 31, 2022
(Rupees '000)			
5. LONG TERM BORROWINGS - SECURED			
From conventional banks	5.1	9,442,500	11,740,000
From Islamic banks	5.2	8,625,000	10,000,000
		18,067,500	21,740,000
Less: Current portion shown under current liabilities			
From conventional banks		3,520,000	3,445,000
From Islamic banks		3,125,000	2,000,000
		6,645,000	5,445,000
		11,422,500	16,295,000
5.1 Movement during the period / year is as follows:			
Opening balance		11,740,000	13,244,198
Draw-downs during the period / year		-	3,000,000
Repayments during the period / year		(2,297,500)	(4,504,198)
Closing balance	5.1.1	9,442,500	11,740,000

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

These carry mark-up ranging between 6 month KIBOR + 0.05% to 0.15% per annum (December 31, 2022: 6 month KIBOR + 0.05% to 0.15% per annum) and are repayable up to December 2027 (December 31, 2022: December 2027).

	Note	Un-audited September 30, 2023	Audited December 31, 2022
(Rupees '000)			
5.2 Movement during the period / year is as follows:			
Opening balance		10,000,000	8,000,000
Draw-downs during the period / year		-	2,000,000
Repayments during the period / year		(1,375,000)	-
Closing balance	5.2.1	8,625,000	10,000,000

- 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 + 0.00% to 0.10% per annum (December 31, 2022: 6 month KIBOR + 0.00% to 0.10% per annum) and are repayable up to September 2027 (December 31, 2022: September 2027).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

	Note	Un-audited December 31, 2023	Audited December 31, 2022
		(Rupees '000)	
6. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE			
Balance at the beginning		61,276,887	59,158,374
Unwinding of GIDC liability - charge to profit or loss		963,897	2,118,513
		62,240,784	61,276,887
Less: Current portion of GIDC payable	6.1	(62,240,784)	(53,336,353)
Long-term portion of GIDC payable		-	7,940,534

6.1 This amount is included in trade and other payables.

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

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

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

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

	Note	Un-audited September 30, 2023	Audited December 31, 2022
(Rupees '000)			
7. SHORT TERM BORROWINGS - SECURED			
From Conventional banks	7.1	3,925,024	51,991,252
From Islamic banks	7.2	1,274,485	6,003,169
		5,199,509	57,994,421

- 7.1** Short term borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs. 20,171,950 thousand (December 31, 2022: Rs. 67,240,000 thousand) which represent the aggregate of all facility agreements between the Company and respective banks. The facilities have various maturity dates upto May 31, 2024 (December 31, 2022: December 29, 2023).

These facilities are secured by pari passu / ranking hypothecation charges on assets of the Company besides lien over mutual fund investments and PIBs in certain cases. The per annum rates of mark-up are 1 Month KIBOR + 0.00% to 0.25% and 3 month KIBOR + 0.10% to 0.35% (December 31, 2022: 1 month KIBOR minus 0.35% to 1 month KIBOR + 0.25% and 3 month KIBOR minus 0.20% to 0.35% per annum).

- 7.2** Shariah compliant short term borrowing is available from a banking company under profit arrangement against a facility amounting to Rs. 5,800,000 thousand (December 31, 2022: Rs 6,200,000 thousand). The facility has a maturity date of May 31, 2024 (December 31, 2022: December 31, 2023).

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

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

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

- | | | |
|--|-------------------|-----------|
| (i) Guarantees issued by banks on behalf of the Company | 10,741,514 | 6,762,374 |
| (ii) Claims against the Company and / or potential exposure not acknowledged as debt | 50,696 | 50,696 |
- (iii) The Company has issued corporate bank guarantees and letters of comfort in favour of its subsidiary i.e. Fauji Fresh n Freeze Limited amounting to Rs 3,710,668 thousand (December 31, 2022: Rs 3,445,000 thousand).
- (iv) Penalty of Rs 5,500,000 thousand imposed by the Competition Commission of Pakistan (CCP) in 2013, for alleged unreasonable increase in urea prices, which was set aside by the Competition Appellate Tribunal, in appeal filed by the Company, who also remanded the case back to CCP to decide the case afresh under guidelines provided by the Tribunal. CCP did not challenge this order before the Supreme Court of Pakistan in appeal within the stipulated time, thus making the appeal time barred. However, in prior periods, CCP under the said Tribunal guidelines resumed the proceedings and the Company duly joined these proceedings through counsel. The Company filed writ petition before Islamabad High Court which was disposed of, directing CCP to proceed with regular hearings. CCP is yet to initiate its proceedings and the Company is awaiting hearing notice. The Company remains confident of successfully defending these unreasonable claims.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

	Note	Un-audited September 30, 2023	Audited December 31, 2022
		(Rupees '000)	
8.2 Commitments in respect of:			
(i) Capital expenditure commitments (including share of commitments amounting to Rs 544,714 thousand (December 31, 2022: Rs 4,881,728 thousand) relating to PEF joint operations.		4,268,868	7,144,635
(ii) Purchase of fertilizer, stores, spares and other operational items		4,075,397	4,899,193
(iii) Investment in Thar Energy Limited		91,872	421,392
(iv) Contracted out services		525,256	661,513
(v) Arrangement with SNGPL for pipeline for supply of RLNG		560,000	2,420,000
(vi) Revolving credit facilities to:			
- Foundation Wind Energy Limited - I		1,500,000	1,500,000
- FFC Energy Limited		1,700,000	1,700,000
9. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	26,933,898	25,316,719
Capital work in progress	9.2	8,730,011	2,297,168
Right of use assets	9.3	11,357	17,164
		35,675,266	27,631,051
9.1 Operating fixed assets			
Opening written down value		25,316,719	21,943,479
Additions during the period / year		3,451,587	5,780,046
Written down value of disposals		(31)	(198)
Depreciation during the period / year		(1,834,377)	(2,406,608)
		26,933,898	25,316,719
9.1.1 Additions in and depreciation on operating fixed assets during the nine month period ended September 30, 2022 were Rs 2,712,300 thousand and Rs 1,832,506 thousand respectively.			
		Un-audited September 30, 2023	Audited December 31, 2022
		(Rupees '000)	
9.2 Capital work in progress			
Opening value		2,297,168	2,008,135
Additions during the period / year		6,780,833	1,769,225
Transfers during the period / year		(347,990)	(1,480,192)
		8,730,011	2,297,168
9.3 Right of use assets			
Opening value		17,164	35,672
Depreciation during the period / year		(5,807)	(18,508)
		11,357	17,164

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

	Un-audited September 30, 2023	Audited December 31, 2022
	(Rupees '000)	
9.4 Depreciation charge has been allocated as follows:		
Cost of sales	1,773,097	2,328,141
Distribution cost	56,097	81,602
Other expenses	919	2,108
Charged to FFBL under the Inter Company Services Agreement	10,070	13,265
	1,840,183	2,425,116
	Un-audited September 30, 2023	Audited December 31, 2022
	(Rupees '000)	
10. LONG TERM INVESTMENTS		
Investments held at cost		
In associated companies (Quoted)		
Fauji Cement Company Limited	1,500,000	1,500,000
Fauji Fertilizer Bin Qasim Limited	7,152,693	7,152,693
Askari Bank Limited	10,461,921	10,461,921
	19,114,614	19,114,614
Investment in associated company (Unquoted)		
Thar Energy Limited	5,986,908	4,828,700
Advance against issue of shares	-	931,300
	5,986,908	5,760,000
In joint venture (Unquoted)		
Pakistan Maroc Phosphore S.A., Morocco	705,925	705,925
In subsidiary companies (Unquoted)		
FFC Energy Limited	2,438,250	2,438,250
Foundation Wind Energy - I Limited	7,493,051	7,493,051
Foundation Wind Energy - II Limited	6,019,288	6,019,288
OLIVE Technical Services (Private) Limited	20,000	20,000
Fauji Fresh n Freeze Limited		
Investment at cost	6,335,500	6,335,500
Less: Impairment loss	(2,100,000)	(2,100,000)
	4,235,500	4,235,500
	20,206,089	20,206,089
	46,013,536	45,786,628
Investments measured at Fair Value through other comprehensive income		
Term Deposit Receipts - from conventional bank	42,604	64,710
Bank Alfalah Term Finance Certificates	493,260	485,029
Pakistan Investment Bonds	4,102,412	4,574,399
	4,638,276	5,124,138
	50,651,812	50,910,766

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

	Note	Un-audited September 30, 2023	Audited December 31, 2022
		(Rupees '000)	
Less: current portion shown under short term investments - fair value through other comprehensive income			
Term Deposit Receipts - from conventional bank		42,300	27,070
Bank Alfalah Term Finance Certificates		193,260	-
Pakistan Investment Bonds		1,786,712	358,572
	12	2,022,272	385,642
		48,629,540	50,525,124

11. OTHER RECEIVABLES

Other receivables include Rs 6,961,878 thousand (December 31, 2022: Rs 6,961,878 thousand) on account of subsidy receivable and Rs 18,259,413 thousand (December 31, 2022: Rs 18,421,786 thousand) on account of sales tax receivable from the Government.

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

12. SHORT TERM INVESTMENTS

Amortised cost - conventional investments

Term deposits with banks and financial institutions

Foreign currency

4,983,226	3,625,295
4,983,226	3,625,295

Investments at fair value through profit or loss

Conventional investments

Shariah compliant investments

56,852,053	94,127,281
12,828,711	2,131,652
69,680,764	96,258,933

Current maturity of long term investments

Fair Value through other comprehensive income

2,022,272	385,642
76,686,262	100,269,870

13. TURNOVER - NET

Manufactured urea

Purchased and packaged fertilizers

Less: Sales tax & excise duty

	Three month period ended		Nine month period ended	
	Un-audited September 30, 2023	Un-audited September 30, 2022	Un-audited September 30, 2023	Un-audited September 30, 2022
	(Rupees '000)		(Rupees '000)	
	38,537,520	22,354,968	97,891,100	68,036,347
	8,221,319	2,123,706	20,884,499	12,283,866
	46,758,839	24,478,674	118,775,599	80,320,213
	(2,623,663)	(4,580)	(2,682,374)	(1,140,406)
	44,135,176	24,474,094	116,093,225	79,179,807

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

For the nine month period ended September 30, 2023

	September 30, 2023	September 30, 2022
	(Rupees '000)	
14. CASH GENERATED FROM OPERATIONS		
Profit before taxation	39,539,393	26,267,019
Adjustments for:		
Unwinding of GIDC liability	963,897	1,589,250
Loss allowance on subsidy receivable from GoP	600,000	350,000
Depreciation	1,830,113	1,836,978
Amortization	3,292	2,470
Finance cost	4,004,797	3,227,567
Provision for slow moving spares	26,062	17,197
Reversal of provision for stock in trade - net	(1,764,596)	-
Gain on disposal of operating fixed assets	(80,395)	(40,293)
Interest and profit on loans, deposits and investments	(1,236,740)	(716,484)
Amortization of Government grant	-	(36,652)
Exchange gain - net	(990,370)	(797,373)
Gain on re-measurement of investments at fair value through profit or loss	(1,840,823)	(127,436)
Dividend income	(1,800,000)	(2,965,538)
	(284,763)	2,339,686
	39,254,630	28,606,705
Changes in:		
Stores, spares and loose tools	(1,265,904)	(1,222,433)
Stock in trade	19,463,825	(16,115,953)
Trade debts	(1,319,540)	429,887
Loans and advances	(2,364,207)	(292,860)
Deposits and prepayments	(24,532)	(92,303)
Other receivables	2,020,263	(3,236,469)
Trade and other payables	9,191,729	2,008,243
	25,701,634	(18,521,888)
Changes in long term loans and advances	(560,080)	(1,312,635)
Changes in long term deposits and prepayments	-	2,216
	64,396,184	8,774,398

15. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2022. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended December 31, 2022.

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

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

For the nine month period ended September 30, 2023

	September 30, 2023	September 30, 2022
	(Rupees '000)	
16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES		
Significant transactions and balances with the related parties are as follows:		
HOLDING COMPANY		
Transactions		
Dividend paid	5,958,350	5,896,284
Cost recharge	764,445	195,292
Sale of fertilizer	4,364	2,199
Others	1,278	152
Balances		
Balance payable - unsecured *	-	52,024
SUBSIDIARY COMPANIES		
Transactions		
Advance under revolving credit facility	1,800,000	-
Interest income	223,411	-
Rental income	27,771	20,645
Dividend income	1,800,000	1,710,000
Expenses incurred on behalf of subsidiary companies	86,306	84,423
Receipt against expenses/rent from subsidiary companies	91,745	109,004
Sale of fertilizer	9,998	329
Balances		
Balance receivable - unsecured *	2,239,984	184,215
ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	1,024,902	791,550
Commission on sale of products	17,905	14,951
Sale of fertilizer	405,535	-
Payments under consignment account - net	159,450,527	90,842,619
Payments against purchase of gas and PEF project	24,669,273	23,795,239
Equity investment	1,158,208	1,284,231
Advance against issue of shares	-	474,543
Services and materials provided	41,361	4,175
Services and materials received	-	441
Donations	823,609	325,208
Interest expense	296,248	435,755
Interest income	4,986	6,371
Dividend income	-	1,255,538
Balances		
Long term investments *	42,604	64,710
Short term borrowing *	3,672,046	29,871,241
Balances receivable - unsecured *	458,092	362,543
Balances payable - unsecured *	72,398,271	68,537,591

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

For the nine month period ended September 30, 2023

	September 30, 2023	September 30, 2022
	(Rupees '000)	
KEY MANAGEMENT PERSONNEL		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2023: 1 and 580 (2022:1 and 435) respectively	5,374,409	4,056,663
STAFF RETIREMENT BENEFITS		
Contributions		
Employees' Provident Fund Trust	453,097	376,161
Employees' Gratuity Fund Trust	266,333	253,339
Employees' Pension Fund Trust	-	148,611
Employees' Funds as dividend on equity holding of 0.25% (2022: 0.25%)	28,344	32,843
Balances		
Payable to Gratuity Fund Trust *	593,042	659,625
Receivable from Pension Fund Trust *	763,947	759,001

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

17. OPERATING SEGMENTS

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

18. INTEREST IN JOINT ARRANGEMENTS

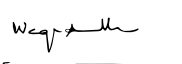
In 2022, the Company, Engro Fertilizer Company Limited (EFERT) and Fatima Fertilizer Company Limited (FATIMA) entered into a Framework Agreement (the Agreement) for Gas Pressure Enhancement Facilities (PEF) project dated November 30, 2022. Under the Agreement, the Company, EFERT and FATIMA have decided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

19. NON ADJUSTING EVENTS AFTER REPORTING DATE

- 19.1 The Board of Directors of the Company in its meeting held on October 25, 2023 proposed third interim dividend of Rs 3.98 per share.

20. GENERAL

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


Chairman

Chief Executive Officer

Director

Chief Financial Officer



**Condensed
Interim Consolidated
Financial Statements**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2023

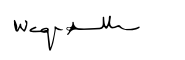
	Note	Un-audited September 30, 2023	Audited December 31, 2022
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	4	12,722,382	12,722,382
Capital reserves		12,907,915	10,404,430
Revenue reserves			
General reserves		8,802,360	8,802,360
Unappropriated profit		110,280,962	87,129,413
		119,083,322	95,931,773
Deficit on remeasurement of investments to fair value - net		(5,271,468)	(1,791,255)
Non-controlling interest		3,558,948	2,848,187
		143,001,099	120,115,517
Share in revaluation reserve of associates - net		3,549,060	1,430,348
NON - CURRENT LIABILITIES			
Long term borrowings - secured	5	12,695,530	17,821,360
Lease liabilities		65,975	86,933
Deferred government grant		109,964	136,851
Gas Infrastructure Development Cess (GIDC) payable	6	-	7,940,534
Deferred liabilities		12,873,849	10,388,531
		25,745,318	36,374,209
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	5	7,517,701	6,702,578
Current portion of lease liabilities		2,445,877	3,687,205
Current portion of deferred government grant		36,417	38,438
Trade and other payables		109,497,267	92,159,106
Mark-up and profit accrued		2,007,160	1,556,279
Short term borrowings - secured	7	6,337,857	58,812,649
Unclaimed dividend		545,185	478,676
Taxation		11,354,373	6,563,617
		139,741,837	169,998,548
TOTAL LIABILITIES		165,487,155	206,372,757
TOTAL EQUITY AND LIABILITIES		312,037,314	327,918,622
CONTINGENCIES AND COMMITMENTS			
	8		

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2023

	Note	Un-audited September 30, 2023	Audited December 31, 2022
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	9	65,321,545	57,922,335
Intangible assets		1,935,934	1,936,471
Long term investments	10	96,033,572	83,787,839
Long term loans and advances - secured		5,115,660	4,555,580
Long term deposits and prepayments		30,688	30,638
		168,437,399	148,232,863
CURRENT ASSETS			
Stores, spares and loose tools		7,922,032	6,558,678
Stock in trade		4,599,169	20,116,730
Trade debts		20,044,491	12,827,643
Loans and advances		1,677,188	1,347,334
Deposits and prepayments		388,744	305,823
Other receivables	11	26,380,251	28,772,312
Short term investments	12	81,059,199	107,755,999
Cash and bank balances		1,528,841	2,001,240
		143,599,915	179,685,759
TOTAL ASSETS		312,037,314	327,918,622


Chairman

Chief Executive Officer

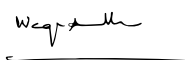
Director

Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
For the nine month period ended September 30, 2023

		Three month period ended		Nine month period ended	
	Note	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
		(Rupees '000)		(Rupees '000)	
Turnover - net	13	52,199,122	30,686,415	134,717,469	92,747,642
Cost of sales		(32,615,004)	(16,771,856)	(77,176,578)	(53,236,138)
GROSS PROFIT		19,584,118	13,914,559	57,540,891	39,511,504
Administrative and distribution expenses		(3,429,683)	(2,898,035)	(9,886,331)	(7,650,831)
		16,154,435	11,016,524	47,654,560	31,860,673
Finance cost		(1,661,078)	(1,500,840)	(4,955,124)	(3,977,068)
Other losses					
Unwinding of remeasurement gain on GIDC liability		(259,615)	(414,486)	(963,897)	(1,589,250)
Loss allowance on subsidy receivable from GoP		(100,000)	-	(600,000)	(350,000)
		(359,615)	(414,486)	(1,563,897)	(1,939,250)
Other expenses		(1,313,396)	(638,856)	(3,571,626)	(2,300,630)
		12,820,346	8,462,342	37,563,913	23,643,725
Other income		4,737,820	2,795,947	11,574,592	8,202,354
Share of profit of associates and joint venture		3,788,069	1,774,347	6,362,306	7,788,899
PROFIT BEFORE TAX		21,346,235	13,032,636	55,500,811	39,634,978
Provision for taxation		(5,724,617)	(2,934,111)	(19,109,738)	(14,156,727)
PROFIT FOR THE PERIOD		15,621,618	10,098,525	36,391,073	25,478,251
ATTRIBUTABLE TO:					
Equity Holders of Fauji Fertilizer Company Limited		15,164,497	9,774,809	35,480,312	24,860,071
Non - Controlling Interest		457,121	323,716	910,761	618,180
		15,621,618	10,098,525	36,391,073	25,478,251
Earnings per share - basic and diluted (Rupees)		11.92	7.68	27.89	19.54

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


Chairman

Chief Executive Officer

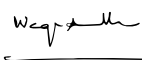
Director

Chief Financial Officer

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

	Three month period ended		Nine month period ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(Rupees '000)		(Rupees '000)	
PROFIT FOR THE PERIOD	15,621,618	10,098,525	36,391,073	25,478,251
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss				
Surplus / (deficit) on re-measurement of investments to fair value - net of tax	(8,461)	75,166	(98,703)	(53,923)
Share of equity accounted investees - share of OCI, net of tax	(941,922)	1,638,264	(1,528,031)	(49,589)
	(950,383)	1,713,430	(1,626,734)	(103,512)
Items that will not be subsequently reclassified to profit or loss				
Equity accounted investees - share of OCI, net of tax	1,735,395	327	1,756,078	(6,468)
Comprehensive income taken to equity	16,406,630	11,812,282	36,520,417	25,368,271
Comprehensive income not recognised in equity				
Items that may be subsequently reclassified to profit or loss				
Share in revaluation reserve of associates - net of tax	-	(92,201)	2,118,712	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	16,406,630	11,720,081	38,639,129	25,368,271

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


Chairman


Chief Executive Officer


Director


Chief Financial Officer

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

For the nine month period ended September 30, 2023

	Capital reserves				Revenue reserves		Deficit on remeasurement of investments to fair value - net		Non-Controlling interest	Total
	Share capital	Share premium	Capital redemption reserve	Translation reserve	Statutory reserve	General reserve (Rupees '000)	Unappropriated profit			
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	(96,563)	2,084,240	98,421,394
Total comprehensive income	-	-	-	-	-	-	24,860,071	-	618,180	25,478,251
Profit for the period	-	-	-	341,923	-	-	(6,468)	(445,435)	-	(109,980)
Other comprehensive income / (loss) - net of tax	-	-	-	341,923	-	-	24,866,539	(445,435)	618,180	25,368,271
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)
FWEL-II dividend 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	-	-	-	-	-	-	-	-	(50,000)	(50,000)
Other changes in equity										
Transfer to statutory reserve	-	-	-	-	652,277	-	(652,277)	-	(190,000)	(190,000)
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	(541,998)	2,522,420	110,304,775
Balance at January 1, 2023 (Audited)	12,722,382	40,000	120,000	4,532,385	5,712,045	8,802,360	87,129,413	(1,791,255)	2,848,187	120,115,517
Total comprehensive income	-	-	-	-	-	-	35,480,312	-	910,761	36,391,073
Profit for the period	-	-	-	1,853,479	-	-	1,756,078	(3,480,213)	-	129,344
Other comprehensive income / (loss) - net of tax	-	-	-	1,853,479	-	-	37,236,390	(3,480,213)	910,761	36,520,417
Transactions with owners of the Company										
Distributions:										
Final dividend 2022: Rs 3.15 per share	-	-	-	-	-	-	(4,007,550)	-	-	(4,007,550)
First interim dividend 2023: Rs 4.26 per share	-	-	-	-	-	-	(5,419,735)	-	-	(5,419,735)
Second interim dividend 2023: Rs 3.15 per share	-	-	-	-	-	-	(4,007,550)	-	-	(4,007,550)
FWEL-II dividend to non-controlling interest holders:										
First interim dividend 2023: Rs 2.83 per share	-	-	-	-	-	-	(13,434,835)	-	-	(13,434,835)
Other changes in equity										
Transfer to statutory reserve	-	-	-	-	-	-	-	-	(200,000)	(200,000)
Balance as at September 30, 2023 (Un-Audited)	12,722,382	40,000	120,000	6,385,864	6,362,051	8,802,360	110,280,962	(5,271,468)	3,558,948	143,001,099

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



Chairman



Chief Executive Officer



Director



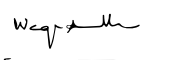
Chief Financial Officer

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


For the nine month period ended September 30, 2023

	Note	September 30, 2023	September 30, 2022
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	70,633,107	13,463,269
Finance cost paid		(4,504,243)	(3,635,509)
Income tax paid		(12,615,917)	(7,059,574)
		(17,120,160)	(10,695,083)
Net cash generated from operating activities		53,512,947	2,768,186
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(10,151,327)	(4,803,087)
Proceeds from sale of property, plant and equipment		84,714	74,053
Equity Investment		(4,876,908)	(1,284,231)
Advance against issue of shares in Thar Energy Limited		-	(474,543)
Other investments - net		(2,042,888)	4,779,847
Interest and profit received		2,008,507	1,297,908
Dividend received		-	701,402
Net cash (used in) / generated from investing activities		(14,977,902)	291,349
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing:			
Drawdowns		-	2,306,701
Repayments		(4,310,891)	(4,284,475)
Repayment of lease liabilities		(2,246,804)	(1,478,322)
Dividend paid		(13,568,326)	(13,491,847)
Net cash used in financing activities		(20,126,021)	(16,947,943)
Net increase / (decrease) in cash and cash equivalents		18,409,024	(13,888,408)
Cash and cash equivalents at beginning of the period		46,933,653	57,704,815
Effect of exchange rate changes		989,068	797,371
Cash and cash equivalents at end of the period		66,331,745	44,613,778
CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,528,841	1,912,828
Short term borrowings - secured		(6,337,857)	(32,148,884)
Short term highly liquid investments		71,140,761	74,849,834
		66,331,745	44,613,778

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


Chairman

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

1. THE GROUP AND ITS OPERATIONS

- 1.1** Fauji Fertilizer Company Limited (the Group) comprises of Fauji Fertilizer Company Limited (FFC) and its subsidiaries, FFC Energy Limited (FFCEL), Fauji Fresh n Freeze Limited (FFF), Foundation Wind Energy - I Limited (FWEL-I) and Foundation Wind Energy - II Limited (FWEL-II) and OLIVE Technical Services (Private) Limited. The shares of FFC are quoted on Pakistan Stock Exchange. FFC is a subsidiary of Fauji Foundation (FF), which is also its ultimate parent entity.

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 operates setups of 50MW wind energy power projects. OLIVE Technical Services (Private) Limited is engaged in provision of Technical, Operations, Maintenance, Inspection and IT Services.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

- 2.2** The disclosures in these condensed interim consolidated financial statements do not include the information reported for full annual consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2022. Comparative figures of condensed interim statement of financial position is extracted from audited consolidated financial statements as at December 31, 2022 whereas comparative figures of condensed interim statement of profit or loss account, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from unaudited condensed interim consolidated financial information of the Group for the nine month period ended September 30, 2022.

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

3. Significant accounting policies

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim consolidated financial statements and financial risk management policy are the same as those applied in preparation of financial statements of the Group for the year ended December 31, 2022.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

4. SHARE CAPITAL**AUTHORISED SHARE CAPITAL**

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

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited September 30, 2023	Audited December 31, 2022		Un-audited September 30, 2023	Audited December 31, 2022
(Number of shares)			(Rupees '000)	
256,495,902	256,495,902	Ordinary shares of Rs 10 each, issued for consideration in cash	2,564,959	2,564,959
1,015,742,345	1,015,742,345	Ordinary shares of Rs 10 each, issued as fully paid bonus shares	10,157,423	10,157,423
1,272,238,247	1,272,238,247		12,722,382	12,722,382

- 4.1 Fauji Foundation holds 44.35% (December 31, 2022: 44.35%) ordinary shares of the Company as at the period end.

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

5. LONG TERM BORROWINGS - SECURED**From conventional banks**

Fauji Fertilizer Company Limited	5.1	9,442,500	11,740,000
Fauji Fresh n Freeze Limited	5.2	1,722,231	1,888,322
Foundation Wind Energy - I Limited (FWEL - I)	5.3	218,070	464,926
Foundation Wind Energy - II Limited (FWEL - II)	5.4	205,430	430,690

From Islamic banks

Fauji Fertilizer Company Limited	5.5	8,625,000	10,000,000
		20,213,231	24,523,938

Less: Current portion shown under current liabilities

From conventional banks	4,392,701	4,702,578
From Islamic banks	3,125,000	2,000,000
	7,517,701	6,702,578
	12,695,530	17,821,360

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

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

5.1 Movement during the period / year is as follows:

Opening balance	11,740,000	10,785,000
Draw-downs during the period / year	-	3,000,000
Repayments during the period / year	(2,297,500)	(2,045,000)
Closing balance	9,442,500	11,740,000

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

These carry mark-up ranging between 6 month KIBOR + 0.05% to 0.15% per annum (December 31, 2022: 6 month KIBOR + 0.05% to 0.15% per annum) and are repayable up to December 2027 (December 31, 2022: December 2027).

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

5.2 Movement during the period / year is as follows:

Opening balance	1,888,322	1,607,112
Draw-downs during the period / year	-	344,364
Repayments during the period / year	(166,091)	(63,154)
Closing balance	1,722,231	1,888,322

- 5.2.1 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 2031 and carry mark-up SBP rate / 3 month KIOBR / 6 month KIBOR + 0.5% to 2.5% payable quarterly / semi annually.

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

5.3 Movement during the period / year is as follows:

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

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

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

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

5.4 Movement during the period / year is as follows:

Opening balance	430,398	430,398
Repayments during the period / year	(224,968)	-
Closing balance	205,430	430,398
Less: Transaction cost -		
Initial transaction cost	292	(2,690)
Amortized during the period / year	(292)	2,982
	-	292
Closing Balance	205,430	430,690

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

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

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

5.5 Movement during the period / year is as follows:

Opening balance	10,000,000	8,000,000
Draw-downs during the period / year	-	2,000,000
Repayments during the period / year	(1,375,000)	-
Closing balance	8,625,000	10,000,000

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

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

Note	Un-audited September 30, 2023	Audited December 31, 2022
	(Rupees '000)	
6. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE		
Balance at the beginning	61,276,887	59,158,374
Unwinding of remeasurement gain on GIDC liability	963,897	2,118,513
	62,240,784	61,276,887
Less: Current portion of GIDC payable 6.1	(62,240,784)	(53,336,353)
Long-term portion of GIDC payable	-	7,940,534

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

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

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

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

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

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

	Un-audited September 30, 2023	Audited December 31, 2022
7. SHORT TERM BORROWINGS - secured	(Rupees '000)	
From conventional banks	5,063,372	52,809,480
From Islamic banks	1,274,485	6,003,169
	6,337,857	58,812,649
8. CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies:		
(i) Guarantees issued by banks on behalf of the Group companies	10,915,815	6,762,374
(ii) Claims against Group and/or potential exposure not acknowledged as debt	50,696	50,696
(iii) Group's share of contingencies in Fauji Fertilizer Bin Qasim Limited	39,403,650	28,254,374
(iv) Group's share of contingencies in Fauji Cement Company Limited as at June 30, 2023 (2022: September 30, 2022)	375,813	181,574
(v) Group's share of contingencies in Askari Bank Limited as at June 30, 2023 (2022: September 30, 2022)	390,562,654	119,086,167
(vi) Group's share of contingencies in Thar Energy Limited as at June 30, 2023 (2022: September 30, 2022)	7,320	7,320
(vii) Group's share of contingencies in Fauji Foods Limited as at September 30, 2023 (2022: Nil)	72,829	-
(viii) The Company has issued corporate bank guarantees and letters of comfort in favour of its subsidiary i.e. Fauji Fresh n Freeze Limited amounting to Rs 3,710,668 thousand (December 31, 2022: Rs 3,445,000 thousand).		

- (ix) 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.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

	Note	Un-audited September 30, 2023	Audited December 31, 2022
		(Rupees '000)	
8.2 Commitments in respect of:			
(i) Capital expenditure (including share of commitments amounting to Rs 544,714 thousand (December 31, 2022: Rs 4,881,728 thousand) relating to PEF joint operations.		4,435,841	7,314,166
(ii) Purchase of fertilizer, stores, spares and other operational items		4,673,797	12,551,970
(iii) Investment in Thar Energy Limited		91,872	421,392
(iv) Investment in Fauji Foods Limited (FFL) by FFCEL		-	4,650,000
(v) Contracted out services		525,256	661,513
(vi) Arrangement with SNGPL for pipeline for supply of RLNG		560,000	2,420,000
(vii) Operation and Maintenance (O&M) agreement of FWEL I & II		449,414	449,414
(viii) Group's share of commitments of Fauji Fertilizer Bin Qasim Limited		59,656,686	7,733,633
(ix) Group's share of commitments of Fauji Cement Company Limited as at June 30, 2023 (2022: September 30, 2022)		442,299	1,998,883
(x) Group's share of commitments of Askari Bank Limited as at June 30, 2023 (2022: September 30, 2022)		236,034,281	231,512,997
(xi) Group's share of commitments of PMP as at June 30, 2023 (2022: September 30, 2022)		24,072	46,261
(xii) Group's share of commitments of TEL as at June 30, 2023 (2022: September 30, 2022)		5,771,991	2,631,203
9. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	42,490,523	41,473,957
Capital work in progress	9.2	8,900,986	2,461,172
Right of use assets	9.3	13,930,036	13,987,206
		65,321,545	57,922,335
9.1 Operating fixed assets			
Opening written down value		41,473,957	38,200,331
Additions during the period / year		3,708,789	7,234,007
Written down value of disposals / adjustments		(2,785)	(12,661)
Depreciation during the period / year		(2,689,438)	(3,947,720)
		42,490,523	41,473,957
9.1.1 Additions in and depreciation on operating fixed assets during the nine month period ended September 30, 2022 were Rs 4,113,272 thousand and Rs 2,827,260 thousand respectively.			
		Un-audited September 30, 2023	Audited December 31, 2022
		(Rupees '000)	
9.2 Capital work in progress			
Opening value		2,461,172	3,072,404
Additions during the period / year		6,939,164	3,492,333
Transfers during the period / year		(499,350)	(4,103,565)
		8,900,986	2,461,172

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

		Un-audited September 30, 2023	Audited December 31, 2022
		(Rupees '000)	
9.3	Right of use assets		
	Opening balance	13,987,206	13,684,932
	Exchange loss - net	984,518	1,413,957
	Depreciation during the period / year	(1,041,688)	(1,111,683)
		<u>13,930,036</u>	<u>13,987,206</u>
9.4	Depreciation charge has been allocated as follows:		
	Cost of sales	3,604,430	4,882,763
	Administrative and distribution expenses	79,760	161,267
	Other expenses	36,866	2,108
	Charged to FFBL under the Inter Services Company Agreement	10,070	13,265
		<u>3,731,126</u>	<u>5,059,403</u>
		Un-audited September 30, 2023	Audited December 31, 2022
		(Rupees '000)	
10.	LONG TERM INVESTMENTS		
	Equity accounted investments	93,417,568	79,049,343
	Other long term investments	2,616,004	4,738,496
		<u>96,033,572</u>	<u>83,787,839</u>
10.1	Equity accounted investments		
	Investment in associated companies - under equity method		
	Fauji Cement Company Limited		
	Balance at the beginning	3,085,305	2,441,515
	Share of profit for the period / year	219,856	314,154
	Gain on dilution of interest	-	329,636
		<u>3,305,161</u>	<u>3,085,305</u>
	Fauji Fertilizer Bin Qasim Limited		
	Balance at the beginning	32,621,347	28,503,794
	Share of (loss) / profit for the period / year	(267,564)	3,815,473
	Share of OCI for the period / year	2,018,316	302,080
		<u>34,372,099</u>	<u>32,621,347</u>
	Fauji Foods Limited		
	Balance at the beginning	-	-
	Investment during the period / year	4,650,000	-
	Share of Profit for the period / year	17,920	-
		<u>4,667,920</u>	<u>-</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

	Note	Un-audited September 30, 2023	Audited December 31, 2022
		(Rupees '000)	
Askari Bank Limited	10.1.2		
Balance at the beginning		31,594,433	26,691,561
Share of profit for the period / year		5,244,075	5,917,459
Share of OCI for the period / year		(1,084,232)	(1,014,587)
		35,754,276	31,594,433
Thar Energy Limited			
Balance at the beginning		5,730,558	3,552,457
Investment during the period / year		226,908	1,245,742
Advance against issue of shares		-	931,300
Share of Profit for the period / year		2,160,519	660
Share of OCI for the period / year		-	399
		8,117,985	5,730,558
Investment in joint venture - under equity method			
Pakistan Maroc Phosphore S.A., Morocco			
Balance at the beginning		6,017,700	4,462,290
Share of (Loss)/ Profit for the period / year		(1,012,501)	2,392,508
Gain on translation of net assets		2,194,928	512,321
Dividend received		-	(1,349,419)
		7,200,127	6,017,700
		93,417,568	79,049,343

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

As required by SECP, the Company shall retain its shareholding in these shares for a period of two years from the date of issuance of shares to the Company.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

	Note	Un-audited September 30, 2023	Audited December 31, 2022
		(Rupees '000)	
10.2 Other long term investments			
Investment at fair value through other comprehensive income			
Term Deposit Receipts - from conventional banks		42,604	64,710
Term Finance Certificates - from conventional bank		493,260	485,029
Pakistan Investment Bonds		4,102,412	4,574,399
		4,638,276	5,124,138
Less: Current portion shown under short term investments			
Investment at fair value through other comprehensive income			
Term Deposit Receipts - from conventional banks		42,300	27,070
Bank Alfalah Term Finance Certificates		193,260	-
Pakistan Investment Bonds		1,786,712	358,572
	12	2,022,272	385,642
		2,616,004	4,738,496

11. OTHER RECEIVABLES

Other receivables include Rs 6,961,878 thousand (December 31, 2022: Rs 6,961,878 thousand) on account of subsidy receivable and Rs 18,259,413 thousand (December 31, 2022: Rs 18,421,786 thousand) on account of sales tax receivable from the Government.

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

12. SHORT TERM INVESTMENTS**Amortized cost - conventional instruments**

Foreign currency	4,983,226	3,625,295
	4,983,226	3,625,295

Investments at fair value through profit or loss

Conventional investments	60,959,446	100,608,222
Shariah compliant investments	13,094,255	3,136,840
	74,053,701	103,745,062

Current maturity of long term investments

Investments measured at fair value through other comprehensive income	11	2,022,272	385,642
		81,059,199	107,755,999

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2023

	Three month period ended		Nine month period ended	
	Un-audited September 30, 2023	Un-audited September 30, 2022	Un-audited September 30, 2023	Un-audited September 30, 2022
13. TURNOVER - NET	(Rupees '000)		(Rupees '000)	
Fertilizers	46,758,839	24,480,807	118,775,599	80,320,213
Power	7,095,425	5,667,581	15,838,550	12,607,860
Food	2,213,259	1,166,778	5,372,002	2,643,620
Technical services	93,445	27,003	191,061	208
	56,160,968	31,342,169	140,177,212	95,571,901
Less: Sales tax & excise duty	(3,786,794)	(596,034)	(5,086,180)	(2,708,162)
Trade discount	(175,052)	(59,720)	(373,563)	(155,486)
	(3,961,846)	(655,754)	(5,459,743)	(2,863,648)
	52,199,122	30,686,415	134,717,469	92,708,253

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
	(Rupees '000)			
	Total			

September 30, 2023 (Un-audited)

Assets

Segment assets (Total)	155,623,086	55,320,019	7,470,563	206,078	218,619,746
Equity accounted investees	93,417,568	-	-	-	93,417,568

Liabilities

Segment liabilities (Total)	155,200,553	4,271,791	5,934,463	80,348	165,487,155
-----------------------------	-------------	-----------	-----------	--------	-------------

Capital expenditure	9,884,430	34,569	228,730	874	10,148,603
---------------------	-----------	--------	---------	-----	------------

Depreciation	1,840,183	1,749,175	318,409	174	3,907,941
--------------	-----------	-----------	---------	-----	-----------

December 31, 2022 (Audited)

Assets

Segment assets (Total)	240,122,007	48,840,260	4,969,283	47,768	293,979,318
Equity accounted investees	79,049,343	-	-	-	79,049,343

Liabilities

Segment liabilities (Total)	196,193,149	6,719,830	3,448,964	10,814	206,372,757
-----------------------------	-------------	-----------	-----------	--------	-------------

Capital expenditure	6,069,079	64,279	1,384,038	753	7,518,149
---------------------	-----------	--------	-----------	-----	-----------

Depreciation	2,451,643	2,245,715	361,888	157	5,059,403
--------------	-----------	-----------	---------	-----	-----------

*Net of consolidated adjustments / eliminations.

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

	September 30, 2023	September 30, 2022
	(Rupees '000)	
15. CASH GENERATED FROM OPERATIONS		
Profit before tax	55,500,811	39,634,978
Adjustments for:		
Unwinding of GIDC liability	963,897	1,589,250
Loss allowance on subsidy receivable from GoP	600,000	350,000
Depreciation	3,731,126	3,595,291
Amortization	3,261	3,495
Amortization of transaction cost	184	3,357
Finance cost	4,955,124	3,977,068
Provision for slow moving spares	26,062	17,197
Reversal of provision for stock in trade - net	(1,764,596)	-
Gain on disposal of operating fixed assets	(81,929)	(62,428)
Interest and profit on loans, deposits and investments	(1,837,229)	(1,190,492)
Amortization of Government grant	(28,908)	(62,860)
Exchange (gain) / loss - net	(989,068)	(797,371)
Share of profit of associated companies and joint venture	(6,362,306)	(7,788,899)
(Gain) on remeasurement of investments at fair value through profit or loss	(1,840,823)	(127,146)
	(2,625,205)	(493,818)
	52,875,606	39,141,160
Changes in:		
Stores and spares	(1,389,416)	(1,286,433)
Stock in trade	17,282,157	(16,969,941)
Trade debts	(7,216,848)	(4,929,937)
Loans and advances	(329,854)	(174,131)
Deposits and prepayments	(82,921)	(116,532)
Other receivables	1,620,783	(3,712,784)
Trade and other payables	8,433,730	2,823,975
	18,317,631	(24,365,783)
Changes in long term loans and advances	(560,080)	(1,312,635)
Changes in long term deposits and prepayments	(50)	527
	70,633,107	13,463,269

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

For the nine month period ended September 30, 2023

16. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2022. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended December 31, 2022.

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

September 30, 2023	September 30, 2022
(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	5,958,350	5,896,284
Cost recharge	764,445	195,292
Sale of fertilizer	4,364	2,199
Others	1,278	113,983

Balances

Balance receivable - unsecured *	-	12,079
----------------------------------	---	--------

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

Expenses charged on account of marketing of fertilizer on behalf of associated company	1,024,902	791,550
Commission on sale of products	17,905	14,951
Sale of Fertilizer	405,535	-
Payment under consignment account - net	159,450,527	90,842,619
Payments against purchase of gas and PEF project	24,669,273	23,795,239
Equity investment	5,808,208	1,284,231
Advance against issue of shares	-	474,543
Services and materials provided	41,361	4,175
Services and materials received	-	441
Donation	925,319	325,208
Interest expense	296,248	446,926
Interest income	33,733	22,481
Dividend income	-	1,255,538

Balances

Long term investments *	4,710,524	64,710
Long term borrowings *	413,612	6,701
Short term borrowings *	3,672,046	29,871,241
Bank Balance *	64,166	79,629
Running finance *	-	247,622
Balances receivable - unsecured *	458,092	362,543
Balances payable - unsecured *	72,398,355	68,537,591

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

For the nine month period ended September 30, 2023

	September 30, 2023	September 30, 2022
	(Rupees '000)	
Key management personnel		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2023: 2 and 595 (2022: 2 and 435) respectively.	5,521,231	4,180,336
STAFF RETIREMENT BENEFITS		
Contribution		
Employees' Provident Fund Trust	467,725	384,310
Employees' Gratuity Fund Trust	268,337	262,075
Employees' Pension Fund Trust	-	148,611
Employees' Funds as dividend on equity holding of 0.25% (2022: 0.25%)	28,344	32,843
Balances		
Balance payable to Gratuity Fund Trust *	598,184	661,629
Balance payable to staff benefit Provident Fund Trust *	768	-
Receivable from Pension Fund Trust *	763,947	759,001

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

18. INTEREST IN JOINT ARRANGEMENTS

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

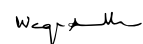
19. NON ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors of FFC in its meeting held on October 25, 2023 proposed third interim dividend of Rs 3.98 per share.

20. GENERAL

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

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


Chairman

Chief Executive Officer

Director

Chief Financial Officer

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

