



FFC FAUJI FERTILIZER
COMPANY LIMITED



HALF YEARLY
**FINANCIAL
STATEMENTS**
JUNE 30, 2024 (Un- Audited)



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Condensed Interim
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SAY NO TO CORRUPTION

Company Information

BOARD OF DIRECTORS

Lt Gen Anwar Ali Hyder, HI(M) (Retd)

Chairman

Mr. Jahangir Piracha

Managing Director & Chief Executive Officer

Lt Gen Waheed Arshad, T.Bt, HI(M) (Retd)

Mr. Saad Amanullah Khan

Ms. Maryam Aziz

Syed Bakhtiyar Kazmi

Mr. Shoaib Javed Hussain

Mr. Jehangir Shah

Dr. Ayesha Khan

Mr. Yassir Ghiyati Ibn Ziyad

Mr. Qamar Haris Manzoor

Maj Gen Zafar Ul Haq, HI(M) (Retd)

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 Zulfiqar Ali Haider, 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, +92-51-8450001

Fax No. +92-51-8459925, E-mail: ffcrcwp@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: +92-0800-23275, Fax: +92-21-34326053



DIRECTORS' REVIEW

For the period ended June 30, 2024

Dear Shareholders

We are delighted to present our review of the Company's operations and financial results for the first half ended June 30, 2024 with benchmark profitability of Rs 26.1 billion.

Operational Performance

Our plants operated efficiently throughout the period and delivered 1,279 thousand tonnes of Sona Urea, which was at par with the same period last year. Alhamdulillah, we are also pleased to inform that our Goth Machhi plant has achieved a new benchmark of 10 years continuous operations without loss time injury, while the Mirpur Mathelo production facility has also completed 7 years of safe operations.

Sona Urea sales stood at 1,280 thousand tonnes, 3% higher than in 2023. The Company also marketed 94 thousand tonnes of urea imported by the Government and the aggregate urea sales thus stood at 1,374 thousand tonnes. As a result, FFC's urea market share also improved to 45% compared to 40% during same period last year.

Financial Performance

Sales revenue increased to Rs 115.6 billion compared to Rs 71.9 billion last year, which is attributable to higher urea sales volume and increased selling prices as a result of significant escalation in gas prices in the last quarter of 2023.

Sona Urea was marketed by the Company at a considerable discount to the international urea prices and the Company thus enabled savings of USD 227 million to the farming community and also helped to avoid drainage of precious foreign exchange reserves of the country.

Higher cost of imported urea, increased gas cost and inflationary factors led the cost of sales to increase by 65% to Rs 67.2 billion. Distribution cost also rose by 87% to Rs 10.7 billion, primarily because of the Axle Weight Regulation and inflation.

The key element of our performance is record return on investments besides benchmark dividend income from our subsidiaries & associates as a result of improved performance. Aggregate other income stood at Rs 15.8 billion and consequently, net profitability of the Company stood at Rs 26.1 billion with earnings per share of Rs 20.49 compared to Rs 10.28 per share same period last year.

Foregoing in view, the Board of Directors is pleased to announce the second interim dividend of 100% (Rs 10 per share), with an aggregate distribution of Rs 15.5 per share during the first half of 2024.

FUTURE OUTLOOK

The international agencies in their recent reports have indicated that signs of economic stabilization are strengthening in Pakistan. Gradual disinflation is

underway, the dollar-rupee parity is stable, the policy rate has been revised downward, and external pressures are easing, supported by improved fiscal balances. However, the outlook remains challenging.

The Board is committed towards a sustainable fertilizer business to support national food security and provide consistent returns to shareholders.


The Company recently took an initiative towards improving the farm economics and has started selling its urea products through Company owned stores and outlets thus providing farmers a channel to buy directly from the Company. Approximately 70 such outlets are being opened in sales districts across the country which shall be operational by end of 3rd Quarter, 2024.

As a strategic initiative to augment shareholders return, the Company is evaluating potential amalgamation of Fauji Fertilizer Bin Qasim Ltd with FFC. The board believes that this is the right time to explore the long-overdue amalgamation, which is expected to create synergies in terms of operational efficiencies, cost savings and financial strength. The merger process would be subject to shareholders' and regulatory approvals.

On behalf of the Board,



Lt Gen Anwar Ali Hyder, HI(M), (Retd)
Chairman



Jahangir Piracha
Managing Director & Chief Executive Officer

Rawalpindi
July 30, 2024

متوقع مستقبل

عالمی اداروں نے اپنی حالیہ رپورٹس میں بتایا ہے کہ پاکستان میں معاشی استحکام کے آثار دکھائی دے رہے ہیں۔ مہنگائی میں بتدریج کمی ہو رہی ہے، ڈالر اور روپے کی قیمت مبادلہ مستحکم ہے، سود کی شرح میں کمی کر دی گئی ہے اور مالیاتی ذخائر میں بہتری کے باعث بیرونی دباؤ میں کمی ہوئی ہے۔ تاہم، مستقبل بدستور مشکلات سے گھرا ہوا ہے۔

بورڈ کھاد کے کاروبار میں استحکام کے لیے پرعزم ہے تاکہ قومی غذائی تحفظ کو یقینی بنانے کے علاوہ حصہ داران کو مستقل منافع فراہم کیا جاسکے۔

زرعی معیشت کو بہتر بنانے کے لیے کمپنی نے حال ہی میں ایک قدم اٹھایا ہے اور اپنی یورپا کی مصنوعات کو کمپنی ملکیتی اسٹورز اور آؤٹ لیٹس کے ذریعے فروخت کرنا شروع کر دیا ہے اس طرح کسانوں کو کمپنی سے براہ راست خریداری کا ایک چینل فراہم کیا گیا ہے۔ ملک بھر کے سبز اضلاع میں تقریباً 170 ایسے آؤٹ لیٹس کھولے جا رہے ہیں جو 2024 کی تیسری سہ ماہی کے آخر تک کام شروع کر دیں گے۔

حصہ داران کے منافع میں اضافے کے لیے ایک اسٹریٹجک قدم کے طور پر، کمپنی FFC کے فوجی فریڈلائزر بن قاسم کے ساتھ مکمل انضمام کا جائزہ لے رہی ہے۔ بورڈ کا خیال ہے کہ طویل عرصے سے زیر التوا انضمام پر عمل کرنے کے لیے یہ بہترین وقت ہے، جس سے عملیاتی کارکردگی، لاگت میں کمی اور مالیاتی استحکام کے لحاظ سے ہم آہنگی پیدا ہونے کی توقع ہے۔ انضمام کا عمل حصہ داران اور ریگولیٹری منظور یوں سے مشروط ہوگا۔

بورڈ کی جانب سے

Jalug: Pinacler

Ameer Ali Hyder

جہانگیر پراچہ

میجنگ ڈائریکٹر و چیف ایگزیکٹو آفیسر

لیفٹیننٹ جنرل انور علی حیدر

چیرمین

بلال امتیاز (ملٹری) ریٹائرڈ

راولپنڈی

30 جولائی 2024

ڈائریکٹرز کا تجزیہ

معزز حصہ داران!

30 جون 2024 کو ختم ہونے والی پہلی ششماہی کے لیے 26.1 ارب روپے کے ریکارڈ منافع کے ساتھ کمپنی کے عملیاتی اور مالیاتی نتائج کا جائزہ پیش کرتے ہوئے ہمیں خوشی ہو رہی ہے۔

عملیاتی کارکردگی

ہمارے کارخانوں نے زیر جائزہ مدت کے دوران بہترین کارکردگی دکھائی اور 1,279 ہزار ٹن سونا پوریا فراہم کی، جو گزشتہ سال کی اسی مدت کے برابر تھی۔ الحمد للہ، ہمیں یہ بتاتے ہوئے بھی خوشی ہو رہی ہے کہ ہمارے گوٹھ ماچھی پلانٹ نے بغیر کسی نقصان کے 10 سال کے مسلسل آپریشنز کا ایک نیا معیار حاصل کر لیا ہے، جبکہ میر پور ماٹھیلو کی پیداواری سہولت نے بھی محفوظ آپریشنز کے 7 سال مکمل کر لیے ہیں۔

سونا پوریا کی فروخت 1,280 ہزار ٹن رہی جو کہ 2023 کے مقابلے میں 3 فیصد زائد ہے۔ کمپنی نے حکومت کی جانب سے درآمد کی گئی 94 ہزار ٹن یوریا بھی فروخت کی اس طرح مجموعی یوریا فروخت 1,374 ہزار ٹن رہی۔ نتیجتاً، ایف ایف سی کا یوریا مارکیٹ شیئر بہتر ہو کر 45 فیصد ہو گیا جو کہ گزشتہ برس کی اسی مدت کے دوران 40 فیصد تھا۔

مالیاتی کارکردگی

آمدن فروخت (Sales Revenue) گزشتہ سال 71.9 ارب روپے کے مقابلے میں بڑھ کر 115.6 ارب روپے ہو گئی، جس کی وجہ یوریا کی زائد مقدار فروخت اور، 2023 کی آخری سہ ماہی میں گیس کی قیمتوں میں نمایاں اضافے کے نتیجے میں قیمت فروخت میں اضافہ ہے۔

کمپنی نے یوریا کی عالمی قیمتوں کے مقابلے میں واضح طور پر رعایتی قیمتوں پر سونا پوریا فروخت کی اور اس طرح کمپنی نے کاشتکار برادری کو 227 ملین امریکی ڈالر کی بچت فراہم کی اور ملک کے قیمتی زرمبادلہ کے ذخائر کو ضائع ہونے سے بچانے میں بھی مدد کی۔

درآمدی یوریا کی زائد لاگت، افراط زور اور گیس کی زائد قیمتوں کے نتیجے میں لاگت فروخت (Cost of Sales) 65 فیصد اضافے کے ساتھ 67.2 ارب روپے رہی۔ لاگت ترسیل (Distribution Cost) بھی 87 فیصد اضافے کے ساتھ 10.7 ارب روپے رہی جس کا بنیادی سبب Axle Weight Regulation کا نفاذ اور افراط زر کے اثرات ہیں۔

فنانس ایکٹ 2023 کے ذریعے سپر ٹیکس محصول میں اضافے کے باعث مؤثر ٹیکس کی شرح 42 فیصد تک بڑھ گئی جو کہ گزشتہ برس کی اسی مدت کے دوران 35 فیصد تھی۔

ہماری کارکردگی کا نمایاں پہلو سرمایہ کاریوں پر ریکارڈ منافع اور ہماری ذیلی اور منسلک کمپنیوں کی بہتر کارکردگی کی وجہ سے تاریخ ساز منافع منقسم آمدن (Dividend Income) ہے۔ جو کہ مجموعی طور پر 15.8 ارب روپے رہے۔ نتیجتاً، کمپنی کا خالص منافع 26.1 ارب روپے رہا جبکہ فی حصہ آمدن 20.49 روپے رہی جو کہ گزشتہ سال کی اسی مدت کے دوران 10.28 روپے فی حصہ تھی۔

مندرجہ بالا کے پیش نظر، بورڈ آف ڈائریکٹرز 100 فیصد (10 روپے فی حصہ) کے دوسرے عبوری منافع منقسمہ کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے، اس طرح 2024 کی پہلی ششماہی کے دوران مجموعی ادائیگی 15.5 روپے فی حصہ ہو گئی ہے۔

Independent Auditor's Review Report

To the members of Fauji Fertilizer Company Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Fauji Fertilizer Company Limited (the Company) as at June 30, 2024 and the related condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of profit or loss and other comprehensive income for the three month period ended June 30, 2024 and 2023 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended June 30, 2024.


Scope of Review

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

Conclusion

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

The engagement partner on the audit resulting in this independent auditor's report is Aftab Ahmed..



Chartered Accountants

Islamabad

August 27, 2024

UDIN: RR2024106105xeKilO7E



**Condensed Interim
Financial Statements**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

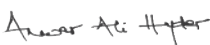
	Note	Un-audited June 30, 2024	Audited December 31, 2023
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	4	12,722,382	12,722,382
Capital reserves		160,000	160,000
Revenue reserves			
General reserves		8,802,360	8,802,360
Unappropriated profit		54,129,385	40,272,228
		62,931,745	49,074,588
Surplus/ (deficit) on remeasurement of investments to fair value - net		31,028	(104,460)
		75,845,155	61,852,510
NON - CURRENT LIABILITIES			
Long term borrowings - secured	5	14,750,000	18,200,000
Deferred liabilities			
- Deferred taxation		4,810,997	2,275,925
- Compensated leave absences		1,949,559	1,735,749
		21,510,556	22,211,674
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	5	6,497,500	6,095,000
Current portion of lease liabilities		-	17,437
Trade and other payables	6	114,766,069	108,256,161
Mark-up and profit accrued		935,246	1,304,263
Short term borrowings - secured	7	7,290,885	13,737,746
Unclaimed dividend		526,790	516,867
Provision for taxation		15,256,978	9,289,030
		145,273,468	139,216,504
TOTAL LIABILITIES		166,784,024	161,428,178
TOTAL EQUITY AND LIABILITIES		242,629,179	223,280,688
CONTINGENCIES AND COMMITMENTS			
	8		

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

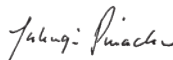
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

	Note	Un-audited June 30, 2024	Audited December 31, 2023
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	9	43,133,935	40,223,171
Intangible assets		1,571,159	1,571,908
Long term investments	10	53,906,606	48,720,461
Long term loans and advances - secured		3,060,607	2,629,638
Long term deposits and prepayments		15,362	12,378
		101,687,669	93,157,556
CURRENT ASSETS			
Stores, spares and loose tools		8,654,773	7,784,354
Stock in trade		3,781,452	2,067,922
Trade debts		212,750	48,503
Loans and advances - secured		2,381,402	3,415,379
Deposits and prepayments		73,695	711,006
Other receivables	11	16,573,681	20,500,720
Short term investments	12	107,945,845	94,736,901
Cash and bank balances		1,317,912	858,347
		140,941,510	130,123,132
TOTAL ASSETS		242,629,179	223,280,688



Chairman



Chief Executive Officer



Director



Chief Financial Officer

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

For the six month period ended June 30, 2024

	Note	Three month period ended		Six month period ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
		(Rupees '000)		(Rupees '000)	
Turnover - net	13	57,166,944	35,552,233	115,574,198	71,958,049
Cost of sales		(26,034,250)	(18,899,309)	(67,154,274)	(40,730,515)
GROSS PROFIT		31,132,694	16,652,924	48,419,924	31,227,534
Distribution cost		(5,543,428)	(2,682,476)	(10,736,484)	(5,738,299)
		25,589,266	13,970,448	37,683,440	25,489,235
Finance cost		(1,380,253)	(1,192,684)	(2,885,696)	(2,656,983)
Other losses					
-Unwinding of GIDC liability		(66,630)	(321,668)	(198,747)	(704,282)
-Reversal of loss allowance/ (loss allowance) on subsidy receivable from GoP and others		75,000	(300,000)	(955,000)	(500,000)
		8,370	(621,668)	(1,153,747)	(1,204,282)
Other expenses		(2,558,310)	(1,184,750)	(4,234,291)	(2,258,110)
		21,659,073	10,971,346	29,409,706	19,369,860
Other income		5,494,264	2,750,000	15,770,138	6,294,619
PROFIT BEFORE INCOME TAX AND FINAL TAX		27,153,337	13,721,346	45,179,844	25,664,479
Final taxes - levies	14	(1,082,968)	(595,297)	(1,971,478)	(1,013,640)
PROFIT BEFORE INCOME TAX		26,070,369	13,126,049	43,208,366	24,650,839
Provision for taxation		(10,521,625)	(7,777,184)	(17,137,722)	(11,571,841)
PROFIT FOR THE PERIOD		15,548,744	5,348,865	26,070,644	13,078,998
Earnings per share - basic and diluted (Rupees)		12.22	4.20	20.49	10.28

The annexed notes 1 to 21 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 six month period ended June 30, 2024

	Three month period ended		Six month period ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(Rupees '000)		(Rupees '000)	
PROFIT FOR THE PERIOD	15,548,744	5,348,865	26,070,644	13,078,998
OTHER COMPREHENSIVE INCOME / (LOSS)				
Items that may be subsequently reclassified to profit or loss:				
Surplus / (deficit) on remeasurement of investments to fair value - net of tax	67,350	24,907	135,488	(90,242)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	15,616,094	5,373,772	26,206,132	12,988,756

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Director



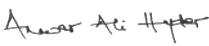
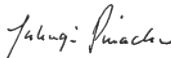
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the six month period ended June 30, 2024

Note	June 30, 2024	June 30, 2023
(Rupees '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	15 50,701,781	37,675,644
Finance cost paid	(3,254,713)	(3,077,634)
Income taxes and levies paid	(9,899,401)	(7,966,456)
	(13,154,114)	(11,044,090)
Net cash generated from operating activities	37,547,667	26,631,554
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(4,315,981)	6,254,068
Proceeds from sale of operating fixed assets	17,818	12,394
Investment in Fauji Fresh n Freeze Limited	(5,000,000)	-
Advance against issue of shares to:		
OLIVE Technical Services (Private) Limited	(80,000)	-
Thar Energy Limited	-	(226,908)
Other investments - net	(70,727)	65,058
Interest and profit received	780,552	660,002
Dividend received	5,784,919	-
Net cash used in investing activities	(2,883,419)	(5,743,522)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing		
Repayments	(3,047,500)	(2,722,500)
Repayment of lease liabilities	(17,437)	(12,972)
Dividend paid	(12,203,564)	(9,391,763)
Net cash used in financing activities	(15,268,501)	(12,127,235)
Net increase in cash and cash equivalents	19,395,747	8,760,797
Cash and cash equivalents at beginning of the period	79,766,068	39,784,483
Effect of exchange rate changes	(62,905)	966,260
Cash and cash equivalents at end of the period	99,098,910	49,511,540
CASH AND CASH EQUIVALENTS		
Cash and bank balances	1,317,912	2,171,508
Short term borrowings - secured	(7,290,885)	(3,751,762)
Short term highly liquid investments	105,071,883	51,091,794
	99,098,910	49,511,540

The annexed notes 1 to 21 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 six month period ended June 30, 2024

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, 2023. Comparative condensed interim statement of financial position is extracted from annual financial statements as at December 31, 2023, 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 six month period ended June 30, 2023.

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. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER ACCOUNTING POLICIES

The material and other 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, 2023, except for change as mentioned below.

3.1 ACCOUNTING GUIDANCE ISSUED BY ICAP ON ACCOUNTING FOR MINIMUM TAXES AND FINAL TAXES

Institute of Chartered Accountants of Pakistan (ICAP) issued a guidance "Application Guidance on Accounting for Minimum Taxes and Final Taxes" through circular No. 07/2024 dated May 15, 2024. In light of the said guidance, as the minimum taxes and final taxes are not calculated on the 'taxable profit' as defined in IAS - 12 but calculated on turnover or other basis (as per relevant sections of the Income Tax Ordinance, 2001 (ITO, 2001)), accordingly minimum taxes and final taxes should be accounted for under IAS 37/ IFRIC 21 as levies (though these are charged under tax law) and not under IAS - 12 as income taxes. Based on the guidance, the minimum taxes under ITO, 2001 are hybrid taxes which comprise of a component within the scope of IAS 12 (Income Tax) and a component within the scope of IFRIC 21 (Levies) and final taxes fall under levy within the scope of IAS 37/ IFRIC 21.

The aforesaid guidance has been applied retrospectively by the Company and the comparative information has been reclassified, which has not affected current period or prior years' net turnover, profit for the period, equity and cash flows. Impact as of January 1, 2023 is not material to these condensed interim financial statements. The effects of the amounts reclassified are as follows:

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2024

	Balance before reclassification	Impact	Balance after reclassification
	(Rupees '000)		
Statement of financial position			
December 31, 2023			
Current liabilities			
Provision for taxation	10,678,645	(1,389,615)	9,289,030
Trade and other payables	106,866,546	1,389,615	108,256,161

Statement of profit or loss

In the statement of profit or loss, the final taxes previously presented as income taxes have now been reclassified as "final taxes - levies" under IAS 37/ IFRIC 21, amounting to Rs 595,297 thousand and Rs 1,013,640 thousand for the three month period ended and six month period ended June 30, 2023, respectively.

Accordingly, reclassification have also been made in the condensed interim statement of cash flows to conform to the current year's presentation.

4. SHARE CAPITAL**AUTHORISED SHARE CAPITAL**

This represents 1,500,000,000 (December 31, 2023: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (December 31, 2023: Rs 15,000,000 thousand).

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited June 30, 2024	Audited December 31, 2023		Un-audited June 30, 2024	Audited December 31, 2023
(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
<u>1,272,238,247</u>	<u>1,272,238,247</u>		<u>12,722,382</u>	<u>12,722,382</u>

- 4.1 Fauji Foundation holds 44.35% (December 31, 2023: 44.35%) ordinary shares of the Company as at the period end.

	Note	Un-audited June 30, 2024	Audited December 31, 2023
		(Rupees '000)	
5. LONG TERM BORROWINGS - SECURED			
From conventional banks	5.1	9,497,500	11,295,000
From Islamic banks	5.2	11,750,000	13,000,000
		<u>21,247,500</u>	<u>24,295,000</u>
Less: Current portion shown under current liabilities			
From conventional banks		3,372,500	3,595,000
From Islamic banks		3,125,000	2,500,000
		<u>6,497,500</u>	<u>6,095,000</u>
		<u>14,750,000</u>	<u>18,200,000</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2024

	Note	Un-audited June 30, 2024	Audited December 31, 2023
(Rupees '000)			
5.1 Movement during the period / year is as follows:			
Opening balance		11,295,000	11,740,000
Draw-downs during the period / year		-	3,000,000
Repayments during the period / year		(1,797,500)	(3,445,000)
Closing balance	5.1.1	9,497,500	11,295,000

5.1.1 These 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 + 0.03% to 0.15% per annum (December 31, 2023: 6 month KIBOR + 0.03% to 0.15% per annum) and are repayable up to December 2028 (December 31, 2023: December 2028).

	Note	Un-audited June 30, 2024	Audited December 31, 2023
(Rupees '000)			
5.2 Movement during the period / year is as follows:			
Opening balance		13,000,000	10,000,000
Draw-downs during the period / year		-	5,000,000
Repayments during the period / year		(1,250,000)	(2,000,000)
Closing balance	5.2.1	11,750,000	13,000,000

5.2.1 These 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% to 0.10% per annum (December 31, 2023: 6 month KIBOR + 0% to 0.10% per annum) and are repayable up to November 2028 (December 31, 2023: November 2028).

6. TRADE AND OTHER PAYABLES

This includes Gas Infrastructure Development Cess (GIDC) payable as follows:

	Note	Un-audited June 30, 2024	Audited December 31, 2023
(Rupees '000)			
Balance at the beginning		62,437,223	61,276,887
Unwinding of GIDC liability - charge to profit or loss		198,747	1,160,336
	6.1	62,635,970	62,437,223

6.1 Supreme Court of Pakistan (SCP) through its judgement 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2024

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 had been segregated in the 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. On May 30, 2023, MoE, GoP had 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 was required in the 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.

		Un-audited June 30, 2024	Audited December 31, 2023
Note			
		(Rupees '000)	
7. SHORT TERM BORROWINGS - SECURED			
From conventional banks	7.1	4,131,792	8,828,089
From Islamic banks	7.2	3,159,093	4,909,657
		7,290,885	13,737,746

7.1 Short term borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs 20,487,000 thousand (December 31, 2023: Rs 21,018,000 thousand) which represent the aggregate of all facility agreements between the Company and respective banks. These facilities have various maturity dates upto December 27, 2024 (December 31, 2023: December 27, 2024).

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 + 0.05% to 0.25% and 3 month KIBOR + 0% to 0.10% (December 31, 2023: The per annum rates of mark-up are 1 month KIBOR + 0% to 0.25% and 3 month KIBOR + 0.10% to 0.35%).

7.2 Shariah compliant short term borrowing is available from a banking company under profit arrangements against a facility amounting to Rs 7,000,000 thousand (December 31, 2023: Rs 7,000,000 thousand). The facility has maturity date of May 31, 2025 (December 31, 2023: May 31, 2024).

The facility is secured by ranking hypothecation charge on current assets of the Company besides lien over PIBs in certain cases. The per annum rate of profit is 3 month KIBOR minus 0.05% to plus 0.05% (December 31, 2023: 1 month KIBOR minus 0.10%).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2024

		Un-audited June 30, 2024	Audited December 31, 2023
		(Rupees '000)	
8. CONTINGENCIES AND COMMITMENTS			
8.1 Contingencies:			
i) Guarantees issued by banks on behalf of the Company		10,521,754	10,828,877
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 and letters of comfort in favour of its subsidiary i.e. Fauji Fresh n Freeze Limited amounting to Rs 4,336,000 thousand (December 31, 2023: Rs 4,101,304 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 years, 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.			
	Note	Un-audited June 30, 2024	Audited December 31, 2023
		(Rupees '000)	
8.2 Commitments in respect of:			
i) Capital expenditure commitments (including share of commitments amounting to Rs 1,265,168 thousand (December 31, 2023: Rs 1,330,224 thousand) relating to PEF joint operations.		9,256,586	10,954,052
ii) Purchase of fertilizer, stores, spares and other operational items		4,959,915	4,387,767
iii) Investment in Thar Energy Limited		89,216	90,423
iv) Contracted out services		459,413	723,753
v) Revolving credit facilities to:			
- Foundation Wind Energy Limited - I		1,500,000	1,500,000
- FFC Energy Limited		1,700,000	1,700,000
- Fauji Fresh n Freeze Limited		1,262,000	-
9 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	32,325,198	28,794,420
Capital work in progress	9.2	10,806,040	11,422,748
Right of use assets	9.3	2,697	6,003
		43,133,935	40,223,171

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2024

	Un-audited June 30, 2024	Audited December 31, 2023
9.1 Operating fixed assets	(Rupees '000)	
Opening written down value	28,794,420	25,316,719
Additions during the period / year	4,932,202	5,991,825
Written down value of disposals	(6)	(2,813)
Depreciation during the period / year	(1,401,418)	(2,511,311)
	32,325,198	28,794,420
9.1.1 Additions in and depreciation on operating fixed assets during the six month period ended June 30, 2023 were Rs 1,973,416 thousand and Rs 1,201,901 thousand, respectively.		
	Un-audited June 30, 2024	Audited December 31, 2023
9.2 Capital work in progress	(Rupees '000)	
Opening value	11,422,748	2,297,168
Additions during the period / year	2,169,502	9,631,738
Transfers during the period / year	(2,786,210)	(506,158)
	10,806,040	11,422,748
9.2.1 Capital work in progress include Rs 1,760,168 thousand (December 31, 2023: Rs 1,618,248 thousand) being Company's share in Joint Operation related to Gas Pressure Enhancement Facility (PEF).		
	Un-audited June 30, 2024	Audited December 31, 2023
9.3 Right of use assets	(Rupees '000)	
Opening value	6,003	17,164
Depreciation during the period / year	(3,306)	(11,161)
	2,697	6,003
9.4 Depreciation charge has been allocated as follows:		
Cost of sales	1,341,391	2,426,562
Distribution cost	54,700	80,597
Other expenses	985	1,286
Charged to FFBL under the Inter Company Services Agreement	7,648	14,027
	1,404,724	2,522,472

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2024

	Note	Un-audited June 30, 2024	Audited December 31, 2023
(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
In associated company (Unquoted)			
Thar Energy Limited		5,986,908	5,986,908
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
Advance against issue of shares		80,000	-
		100,000	20,000
Fauji Fresh n Freeze Limited			
Investment at cost		11,335,500	6,335,500
Less: Impairment loss		(2,100,000)	(2,100,000)
		9,235,500	4,235,500
		25,286,089	20,206,089
		51,093,536	46,013,536
Investments measured at fair value through other comprehensive income			
Term Deposit Receipts - from conventional bank		-	32,899
Bank Alfalah Term Finance Certificate		300,000	498,865
Pakistan Investment Bonds		4,482,772	4,266,595
		4,782,772	4,798,359
		55,876,308	50,811,895
Less: Current portion shown under short term investments - fair value through other comprehensive income			
Term Deposit Receipts - from conventional bank		-	32,899
Bank Alfalah Term Finance Certificates		-	198,865
Pakistan Investment Bonds		1,969,702	1,859,670
	12	1,969,702	2,091,434
		53,906,606	48,720,461

11. OTHER RECEIVABLES

Other receivables includes Rs 6,961,878 thousand (December 31, 2023: Rs 6,961,878 thousand) on account of subsidy receivable against which provision for loss allowance amounting to Rs 6,434,404 thousand (December 31, 2023: Rs 5,719,404 thousand) has been recognised. This also includes Rs 21,615,479 thousand (December 31, 2023: Rs 21,198,940 thousand) on account of sales tax receivable against which provision for input tax disallowance amounting to Rs 8,473,620 thousand (December 31, 2023: Rs 4,332,620 thousand) has been recognised.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2024

	Note	Un-audited June 30, 2024	Audited December 31, 2023
12. SHORT TERM INVESTMENTS		(Rupees '000)	
Amortised cost - conventional investments			
Term deposits with banks and financial institutions		5,087,160	4,956,685
Foreign currency		5,087,160	4,956,685
Investments at fair value through profit or loss			
Conventional investments		59,279,077	59,203,333
Shariah compliant investments		41,609,906	28,485,449
		100,888,983	87,688,782
Current maturity of long term investments			
Fair value through other comprehensive income	10	1,969,702	2,091,434
		<u>107,945,845</u>	<u>94,736,901</u>

Three month period ended		Six month period ended	
Un-audited June 30, 2024	Un-audited June 30, 2023	Un-audited June 30, 2024	Un-audited June 30, 2023
(Rupees '000)		(Rupees '000)	

13. TURNOVER - NET

Manufactured urea	52,918,892	29,687,133	100,102,741	59,353,580
Purchased and packaged fertilizers	7,471,197	5,904,145	21,539,018	12,663,180
	60,390,089	35,591,278	121,641,759	72,016,760
Less: Sales tax and excise duty	(3,223,145)	(39,045)	(6,067,561)	(58,711)
	<u>57,166,944</u>	<u>35,552,233</u>	<u>115,574,198</u>	<u>71,958,049</u>

14. FINAL TAXES - LEVIES

This represents final taxes paid under section 5 and section 8 of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IAS 37/ IFRIC 21.

14.1 Reconciliation between current tax and levy:

Reconciliation of current tax charged as per tax laws for the period, with current tax recognized in the profit and loss accounts is as follows:

	Three month period ended		Six month period ended	
	Un-audited June 30, 2024	Un-audited June 30, 2023	Un-audited June 30, 2024	Un-audited June 30, 2023
	(Rupees '000)		(Rupees '000)	
Current tax liability for the period as per applicable tax laws	10,238,511	8,200,480	16,655,940	12,357,480
Less:				
Portion of current tax liability as per tax laws, representing income tax under IAS 12	(9,155,543)	(7,605,183)	(14,684,462)	(11,343,840)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IAS 37/ IFRIC 21	(1,082,968)	(595,297)	(1,971,478)	(1,013,640)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited)

For the six month period ended June 30, 2024

- 14.2 The aggregate of final tax and income tax amounting to Rs 16,655,940 thousand (June 30, 2023: Rs 12,357,480 thousand) represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

	June 30, 2024	June 30, 2023
	(Rupees '000)	
15. CASH GENERATED FROM OPERATIONS		
Profit before income tax	43,208,366	24,650,839
Adjustments for:		
Unwinding of GIDC liability	198,747	704,282
Loss allowance on subsidy receivable from GoP and others	955,000	500,000
Depreciation	1,397,076	1,202,441
Amortization	1,236	2,573
Finance cost	2,885,696	2,656,983
Provision for slow moving spares	14,383	26,062
Reversal of provision for stock in trade - net	-	(798,208)
Gain on disposal of operating fixed assets	(17,812)	(12,389)
Interest and profit on loans, deposits and investments	(656,833)	(777,436)
Final taxes - levies	1,971,478	1,013,640
Exchange loss / (gain) - net	62,905	(966,260)
(Gain) on re-measurement of investments at fair value through profit or loss	(600,646)	(1,259,651)
Dividend income	(6,614,750)	-
	(403,520)	2,292,037
	42,804,846	26,942,876
Changes in:		
Stores, spares and loose tools	(884,802)	(1,005,340)
Stock in trade	(1,713,530)	11,451,213
Trade debts	(164,247)	(1,276,428)
Loans and advances	1,033,977	(2,074,259)
Deposits and prepayments	637,311	224,132
Other receivables	3,685,799	320,278
Trade and other payables	5,522,570	3,453,190
	8,117,078	11,092,786
Changes in long term loans and advances	(430,969)	(360,018)
Changes in long term deposits and prepayments	(2,984)	-
Changes in compensated leave absences	213,810	-
	50,701,781	37,675,644

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited)

For the six month period ended June 30, 2024

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, 2023. 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, 2023.

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

June 30, 2024	June 30, 2023
(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	5,416,681	4,181,001
Cost recharge	379,222	375,000
Others	67	534

Balances

Balance payable - unsecured *	188,966	-
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SUBSIDIARY COMPANIES**Transactions**

Increase / (decrease) in letters of comfort/ guarantees against loan	234,696	(182,268)
Equity investment	5,000,000	-
Advance against issue of shares	80,000	-
Advance under revolving credit facility	538,000	1,800,000
Payment received under revolving credit facility	1,800,000	-
Interest income	39,160	136,923
Rental income	19,580	15,980
Dividend income	3,577,566	-
Expenses incurred on behalf of subsidiary companies	87,804	59,983
Receipt against expenses on behalf of subsidiary companies	-	6,171
Sale of fertilizer	-	2,731

Balances

Balances receivable - unsecured *	1,142,287	2,402,074
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited)

For the six month period ended June 30, 2024

	June 30, 2024	June 30, 2023
	(Rupees '000)	
ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	679,653	546,040
Commission on sale of products	11,337	9,154
Sale of fertilizer	84,471	130,950
Payments under consignment account - net	76,743,428	68,681,002
Payments against purchase of gas and PEF project	29,159,568	16,260,497
Equity investment	-	931,300
Advance against issue of shares	-	226,908
Services and materials provided	21,343	40,148
Donations	84,157	793,832
Interest expense	141,353	216,520
Interest income	2,822	3,475
Dividend income	3,037,184	-
Balances		
Long term investments *	-	32,899
Short term borrowing *	4,028,374	8,092,980
Balances receivable - unsecured *	1,614,653	607,914
Balances payable - unsecured *	78,200,894	72,444,064
KEY MANAGEMENT PERSONNEL		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2024: 2 and 602 (2023: 1 and 539) respectively	3,773,394	3,349,766
STAFF RETIREMENT BENEFITS		
Contributions		
Employees' Provident Fund Trust	309,650	291,611
Employees' Gratuity Fund Trust	385,115	266,333
Employees' Pension Fund Trust	43,448	-
Employees' Funds as Dividend on equity holding of 0.25% (2023: 0.25%)	30,661	19,795
Balances		
Payable - Gratuity Fund Trust *	805,005	997,592
Receivable - Pension Fund Trust *	387,406	365,682
OTHERS		
Transactions		
Remuneration and benefits of key management personnel (No. of person(s): 21(2023: 20))	345,590	313,299

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-Audited)

For the six month period ended June 30, 2024

	June 30, 2024	June 30, 2023
	(Rupees '000)	
Balances		
Loans and advances *	147,057	108,049

* Comparative audited figures of receivable / payable balances are as at December 31, 2023.

18. 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 these condensed interim financial statements.

19. 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.

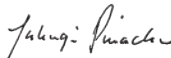
20. NON ADJUSTING EVENTS AFTER REPORTING DATE

- 20.1 The Board of Directors of the Company in its meeting held on July 30, 2024 proposed second interim dividend of Rs 10.00 per share.

Subsequent to the period end, the Board of Directors of the Company, in their meeting held on July 19, 2024, have granted in-principle approval to evaluate the potential amalgamation of Fauji Fertilizer Bin Qasim Limited with and into the Company by way of scheme of arrangement.

21. GENERAL

- 21.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 21.2 Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of better presentation in accordance with the accounting and reporting standards as applicable in Pakistan.
- 21.3 These condensed interim financial statements have been authorized for issue by the Board of Directors of the Company on July 30, 2024.


Chairman

Chief Executive Officer

Director

Chief Financial Officer



**Condensed
Interim Consolidated
Financial Statements**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

	Note	Un-audited June 30, 2024	Audited December 31, 2023
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY			
Share capital	4	12,722,382	12,722,382
Capital reserves		13,951,460	13,702,705
Revenue reserves			
General reserves		8,802,360	8,802,360
Unappropriated profit		138,504,444	114,118,741
		147,306,804	122,921,101
Deficit on remeasurement of investments to fair value - net		(2,259,325)	(4,314,604)
Non-controlling interest		3,807,277	3,589,019
		175,528,598	148,620,603
Share in revaluation reserve of associates - net		1,380,988	1,462,850
NON - CURRENT LIABILITIES			
Long term borrowings - secured	5	16,142,165	19,565,210
Lease liabilities		63,418	64,049
Deferred government grant		85,948	101,665
Deferred liabilities			
- Deferred taxation		18,283,681	12,157,948
- Compensated leave absences		1,985,673	1,771,393
		36,560,885	33,660,265
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	5	7,015,460	6,544,201
Current portion of lease liabilities		11,116	33,708
Current portion of deferred government grant		32,636	35,186
Trade and other payables	6	117,012,600	110,175,061
Mark-up and profit accrued		962,060	1,392,334
Short term borrowings - secured	7	7,290,885	15,133,161
Unclaimed dividend		526,790	516,867
Provision for taxation		15,348,660	9,347,678
		148,200,207	143,178,196
TOTAL LIABILITIES		184,761,092	176,838,461
TOTAL EQUITY AND LIABILITIES		361,670,678	326,921,914
CONTINGENCIES AND COMMITMENTS	8		

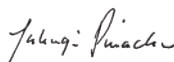
The annexed notes 1 to 20 form an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2024

	Note	Un-audited June 30, 2024	Audited December 31, 2023
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	9	71,601,214	69,293,945
Intangible assets		1,934,486	1,935,235
Long term investments	10	111,939,871	97,800,805
Long term loans and advances - secured		3,060,607	2,629,638
Long term deposits and prepayments		33,622	30,638
		188,569,800	171,690,261
CURRENT ASSETS			
Stores, spares and loose tools		9,174,187	8,203,179
Stock in trade		7,892,402	3,991,849
Trade debts		15,618,451	13,544,418
Loans and advances		1,997,937	2,607,359
Deposits and prepayments		486,357	716,482
Other receivables	11	17,731,928	22,628,651
Short term investments	12	118,281,632	101,743,497
Cash and bank balances		1,917,984	1,796,218
		173,100,878	155,231,653
TOTAL ASSETS		361,670,678	326,921,914



Chairman



Chief Executive Officer



Director



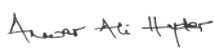
Chief Financial Officer

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

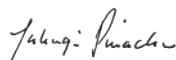
For the six month period ended June 30, 2024

	Note	Three month period ended		Six month period ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
		(Rupees '000)		(Rupees '000)	
Turnover - net	13	64,527,728	42,829,675	126,840,686	82,518,347
Cost of sales		(28,330,284)	(20,617,769)	(71,993,724)	(44,561,574)
GROSS PROFIT		36,197,444	22,211,906	54,846,962	37,956,773
Administrative and distribution expenses		(5,998,715)	(3,109,913)	(11,452,611)	(6,456,648)
		30,198,729	19,101,993	43,394,351	31,500,125
Finance cost		(1,468,826)	(1,556,229)	(3,110,476)	(3,294,046)
Other losses					
- Unwinding of remeasurement gain on GIDC liability		(66,630)	(321,668)	(198,747)	(704,282)
- Reversal of loss allowance/ (loss allowance) on subsidy receivable from GoP and others		75,000	(300,000)	(955,000)	(500,000)
		8,370	(621,668)	(1,153,747)	(1,204,282)
Other expenses		(2,404,709)	(1,184,870)	(4,234,291)	(2,258,230)
		26,333,564	15,739,226	34,895,837	24,743,567
Other income		5,088,628	3,011,758	10,101,888	6,836,772
Share of profit of associates and joint venture		6,084,209	2,834,275	15,024,200	2,574,237
PROFIT BEFORE INCOME TAX AND FINAL TAX		37,506,401	21,585,259	60,021,925	34,154,576
Final taxes - levies		(1,187,026)	(611,877)	(2,145,038)	(1,047,788)
PROFIT BEFORE INCOME TAX		36,319,375	20,973,382	57,876,887	33,106,788
Provision for taxation		(11,306,752)	(8,536,180)	(20,189,691)	(12,337,333)
PROFIT FOR THE PERIOD		25,012,623	12,437,202	37,687,196	20,769,455
ATTRIBUTABLE TO:					
Equity Holders of Fauji Fertilizer Company Limited		24,591,289	12,059,604	37,151,445	20,315,815
Non - Controlling Interest		421,334	377,598	535,751	453,640
		25,012,623	12,437,202	37,687,196	20,769,455
Earnings per share - basic and diluted (Rupees)		19.33	9.48	29.20	15.97

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)
For the six month period ended June 30, 2024

	Three month period ended		Six month period ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(Rupees '000)		(Rupees '000)	
PROFIT FOR THE PERIOD	25,012,623	12,437,202	37,687,196	20,769,455
OTHER COMPREHENSIVE INCOME				
Items that may be subsequently reclassified to profit or loss				
Surplus / (deficit) on re-measurement of investments to fair value - net of tax	67,350	24,907	135,488	(90,242)
Share of equity accounted investees - share of OCI, net of tax	(444,694)	(1,729,885)	1,598,464	(586,109)
	(377,344)	(1,704,978)	1,733,952	(676,351)
Items that will not be subsequently reclassified to profit or loss				
Equity accounted investees - share of OCI, net of tax	-	(10,274)	17,827	20,683
Comprehensive income taken to equity	24,635,279	10,721,950	39,438,975	20,113,787
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	(133,095)	2,083,610	(81,862)	2,118,712
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	24,502,184	12,805,560	39,357,113	22,232,499

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

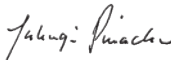
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
For the six month period ended June 30, 2024

	Capital reserves				Revenue reserves			(Deficit) / surplus 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	Unappropriated profit			
Balance as 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	-	-	-	-	-	-	20,315,815	-	453,640	20,769,455
Profit for the period	-	-	-	3,025,271	-	-	20,683	(3,701,622)	-	(655,668)
Other comprehensive (loss) - net of tax	-	-	-	3,025,271	-	-	20,336,498	(3,701,622)	453,640	20,113,787
Transactions with owners of the Company										
Distributions:										
Final dividend 2022: Rs 3.15 per share	-	-	-	-	-	-	(4,007,500)	-	-	(4,007,500)
First interim dividend 2023: Rs 4.26 per share	-	-	-	-	-	-	(5,419,735)	-	-	(5,419,735)
Other changes in equity										
Transfer to statutory reserve	-	-	-	-	432,135	-	(432,135)	-	-	(9,427,285)
Balance as at June 30, 2023 (Un-Audited)	12,722,382	40,000	120,000	7,557,656	6,144,180	8,802,360	97,606,491	(5,492,877)	3,301,827	130,802,019
Balance at January 1, 2024 (Audited)	12,722,382	40,000	120,000	6,871,041	6,671,664	8,802,360	114,118,741	(4,314,604)	3,589,019	148,620,603
Total comprehensive income	-	-	-	-	-	-	37,151,445	-	535,751	37,687,196
Profit for the period	-	-	-	(321,327)	-	-	17,827	2,055,279	-	1,751,779
Other comprehensive income / (loss) - net of tax	-	-	-	(321,327)	-	-	37,169,272	2,055,279	535,751	39,438,975
Transactions with owners of the Company										
Distributions:										
FFC dividends:										
Final dividend 2023: Rs 4.10 per share	-	-	-	-	-	-	(5,216,177)	-	-	(5,216,177)
First interim dividend 2024: Rs 5.50 per share	-	-	-	-	-	-	(6,997,310)	-	-	(6,997,310)
FWEL-II dividends to non-controlling interest holders:										
Final dividend 2023: Rs 4.5 per share	-	-	-	-	-	-	(12,213,487)	-	-	(12,213,487)
Other changes in equity										
Transfer to statutory reserve	-	-	-	-	570,082	-	(570,082)	-	(317,493)	-
Balance as at June 30, 2024 (Un-Audited)	12,722,382	40,000	120,000	6,549,714	7,241,746	8,802,360	138,504,444	(2,259,325)	3,807,277	175,528,598

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



Chairman



Chief Executive Officer



Director



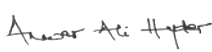
Chief Financial Officer

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

For the six month period ended June 30, 2024

	Note	June 30, 2024	June 30, 2023
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	54,951,840	42,656,525
Finance cost paid		(3,540,750)	(3,426,822)
Income tax and levies paid		(9,930,899)	(7,170,526)
		(13,471,649)	(10,597,348)
Net cash generated from operating activities		41,480,191	32,059,177
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(5,132,566)	(6,389,100)
Proceeds from sale of property, plant and equipment		32,992	14,342
Investment in Thar Energy Limited		-	(4,650,000)
Advance against issue of shares in Thar Energy Limited		-	(226,908)
Other investments - net		792,091	(4,383,914)
Interest and profit received		803,231	1,007,296
Dividend received		2,207,352	-
Net cash used in investing activities		(1,296,900)	(14,628,284)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing:			
Draw-downs		320,512	19,353
Repayments		(3,272,298)	(3,317,097)
Repayment of lease liabilities		(23,223)	(2,302,376)
Dividend paid		(12,521,057)	(9,391,763)
Net cash used in financing activities		(15,496,066)	(14,991,883)
Net increase in cash and cash equivalents		24,687,225	2,439,010
Cash and cash equivalents at beginning of the period		86,315,120	46,933,653
Effect of exchange rate changes		(63,316)	967,590
Cash and cash equivalents at end of the period		110,939,029	50,340,253
CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,917,984	3,303,107
Short term borrowings - secured		(7,290,885)	(4,709,393)
Short term highly liquid investments		116,311,930	51,746,539
		110,939,029	50,340,253

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 six month period ended June 30, 2024

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.

The principal activity of FFC is manufacturing, purchasing and marketing of fertilizers and chemicals, including investment in other fertilizers, chemical, cement, energy generation, food processing, banking operations and technical services. 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, operation, 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, 2023. Comparative figures of condensed interim statement of financial position is extracted from audited consolidated financial statements as at December 31, 2023 whereas comparative figures of condensed interim statement of profit or loss account, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from unaudited condensed interim consolidated financial information of the Group for the six month period ended June 30, 2023.

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. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER ACCOUNTING POLICIES

The material and other 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, 2023.

3.1 Accounting guidance issued by ICAP on accounting for minimum taxes and final taxes

'Institute of Chartered Accountants of Pakistan (ICAP) issued a guidance "Application Guidance on Accounting for Minimum Taxes and Final Taxes" through circular No. 07/2024 dated May 15, 2024. In light of the said guidance, as the minimum taxes and final taxes are not calculated on the 'taxable profit' as defined in IAS - 12 but calculated on turnover or other basis (as per relevant sections of the Income Tax Ordinance, 2001 (ITO, 2001)), accordingly minimum taxes and final taxes should be accounted for under IAS 37/ IFRIC 21 as levies (though these are charged under tax law) and not under IAS - 12 as income taxes. Based on the guidance, the minimum taxes under ITO, 2001 are hybrid taxes which comprise of a component within the scope of IAS 12 (Income Tax) and a component within the scope of IFRIC 21 (Levies) and final taxes fall under levy within the scope of IAS 37/ IFRIC 21.

The aforesaid guidance has been applied retrospectively by the Company and the comparative information has been reclassified, which has not affected current period or prior years' net turnover, profit for the period, equity and cash flows. Impact as of January 1, 2023 is not material to these condensed interim financial statements. The effects of the amounts reclassified are as follows:

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2024

	Balance before reclassification	Impact	Balance after reclassification
	(Rupees '000)		
Statement of financial position			
December 31, 2023			
Current liabilities			
Provision for taxation	10,737,293	(1,389,615)	9,347,678
Trade and other payables	108,785,446	1,389,615	110,175,061

Statement of profit or loss

In the statement of profit or loss, the final taxes previously presented as income taxes have now been reclassified as "final taxes - levies" under IAS 37/ IFRIC 21, amounting to Rs 611,877 thousand and Rs 1,047,788 thousand for the three month period ended and six month period ended June 30, 2023, respectively.

Accordingly, reclassification have also been made in the condensed interim statement of cash flows to conform to the current year's presentation.

4. SHARE CAPITAL

AUTHORISED SHARE CAPITAL

This represents 1,500,000,000 (2023: 1,500,000,000) ordinary shares of Rs 10 each amounting to Rs 15,000,000 thousand (2023: Rs 15,000,000 thousand).

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited June 30, 2024	Audited December 31, 2023		Un-audited June 30, 2024	Audited December 31, 2023
(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, 2023: 44.35%) ordinary shares of the Company as at the period end.

	Note	Un-audited June 30, 2024	Audited December 31, 2023
(Rupees '000)			
5. LONG TERM BORROWINGS - SECURED			
From conventional banks			
Fauji Fertilizer Company Limited	5.1	9,497,500	11,295,000
Fauji Fresh n Freeze Limited	5.2	1,910,125	1,814,411
From Islamic banks			
Fauji Fertilizer Company Limited	5.3	11,750,000	13,000,000
		23,157,625	26,109,411
Less: Current portion shown under current liabilities			
From conventional banks		3,890,460	4,044,201
From Islamic banks		3,125,000	2,500,000
		7,015,460	6,544,201
		16,142,165	19,565,210

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2024

	Un-audited June 30, 2024	Audited December 31, 2023
(Rupees '000)		

5.1 Movement during the period / year is as follows:

Opening balance	11,295,000	11,740,000
Draw-downs during the period / year	-	3,000,000
Repayments during the period / year	(1,797,500)	(3,445,000)
Closing balance	9,497,500	11,295,000

- 5.1.1 These 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 + 0.03% to 0.15% per annum (December 31, 2023: 6 month KIBOR + 0.03% to 0.15% per annum) and are repayable up to December 2028 (December 31, 2023: December 2028).

	Un-audited June 30, 2024	Audited December 31, 2023
(Rupees '000)		

5.2 Movement during the period / year is as follows:

Opening balance	1,814,411	1,888,322
Draw-downs during the period / year	320,512	286,089
Repayments during the period / year	(224,798)	(360,000)
Closing balance	1,910,125	1,814,411

- 5.2.1 The borrowings are secured by way of hypothecation of FFF's present and future fixed assets (excluding land and building), ranking pari passu charge, certain FFC's corporate guarantees etc. These carry mark-up ranging between 3 month + 0.05% to 6 month KIBOR + 0.05% (2023: 3 month + 0.05% to 6 month KIBOR + 0.05%), additionally TERF facilities included have markup ranging between 2.5% to 3.5%. (2023: 2.5% to 3.5%) and are repayable up to September 2031 (2023: September 2031).

5.3 Movement during the period / year is as follows:

Opening balance	13,000,000	10,000,000
Draw-downs during the period / year	-	5,000,000
Repayments during the period / year	(1,250,000)	(2,000,000)
Closing balance	11,750,000	13,000,000

- 5.3.1 These 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% to 0.10% per annum (December 31, 2023: 6 month KIBOR + 0% to 0.10% per annum) and are repayable up to November 2028 (December 31, 2023: November 2028).

6. TRADE AND OTHER PAYABLES

This includes Gas Infrastructure Development Cess (GIDC) payable as follows:

		Un-audited June 30, 2024	Audited December 31, 2023
(Rupees '000)			
Balance at the beginning	5.3	62,437,223	61,276,887
Unwinding of GIDC liability - charge to profit or loss		198,747	1,160,336
		62,635,970	62,437,223

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2024

- 6.1 Supreme Court of Pakistan (SCP) through its judgement 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 had been segregated in the 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. On May 30, 2023, MoE, GoP had 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 was required in the 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.

	Un-audited June 30, 2024	Audited December 31, 2023
	(Rupees '000)	
7 SHORT TERM BORROWINGS - SECURED		
From conventional banks	4,131,792	10,223,504
From Islamic banks	3,159,093	4,909,657
	7,290,885	15,133,161
8 CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies:		
i) Guarantees issued by banks on behalf of the Group companies	11,760,414	10,828,877
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	34,484,425	38,633,928
iv) Group's share of contingencies in Fauji Cement Company Limited as at March 31, 2024 (2023: September 30, 2023)	383,616	383,616
v) Group's share of contingencies in Askari Bank Limited as at March 31, 2024 (2023: September 30, 2023)	136,401,923	153,362,382

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2024

	Un-audited June 30, 2024	Audited December 31, 2023
	(Rupees '000)	
vi) Group's share of contingencies in Thar Energy Limited as at March 31, 2024 (2023: September 30, 2023)	7,320	7,320
vii) Group's share of contingencies in Fauji Foods Limited	142,321	121,460
viii) FFC has issued corporate bank guarantee and letters of comfort in favour of FFF amounting to Rs 4,336,000 thousand (December 31, 2023: Rs 4,101,304 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 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 years, 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.		

	Un-audited June 30, 2024	Audited December 31, 2023
	(Rupees '000)	
8.2 Commitments in respect of:		
i) Capital expenditure commitments (including share of commitments amounting to Rs 1,265,168 thousand (December 31, 2023: Rs 1,330,224 thousand) relating to PEF joint operations.	10,495,246	11,294,273
ii) Purchase of fertilizer, stores, spares and other operational items	5,268,254	4,809,221
iii) Investment in Thar Energy Limited	89,216	90,423
iv) Contracted out services	768,117	723,753
v) Commitments in respect of rentals under land sub-lease agreement	33,467	36,033
vi) Group's share of commitments of Fauji Fertilizer Bin Qasim Limited	10,472,175	8,775,623
vii) Group's share of commitments of Fauji Cement Company Limited as at March 31, 2024 (2023: September 30, 2023)	302,102	302,102
viii) Group's share of commitments of Askari Bank Limited as at March 31, 2024 (2023: September 30, 2023)	255,745,191	176,615,201
ix) Group's share of commitments of PMP as at March 31, 2024 (2023: September 30, 2023)	10,690	10,000
x) Group's share of commitments of TEL as at March 31, 2024 (2023: September 30, 2023)	2,144,037	1,818,349
xi) Group's share of commitments of Fauji Foods Limited	63,689	38,751

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2024

	Note	Un-audited June 30, 2024	Audited December 31, 2023
(Rupees '000)			
9. PROPERTY PLANT AND EQUIPMENT			
Operating fixed assets	9.1	46,496,642	43,676,178
Capital work in progress	9.2	11,987,094	11,901,414
Right of use assets	9.3	13,117,478	13,716,353
		<u>71,601,214</u>	<u>69,293,945</u>
9.1 Operating fixed assets			
Opening written down value		43,676,178	41,473,957
Additions during the period / year		5,046,400	6,337,722
Written down value of disposals / adjustments		(4,890)	(11,718)
Depreciation during the period / year		(2,221,046)	(4,125,011)
Reversal of Impairment		-	1,228
		<u>46,496,642</u>	<u>43,676,178</u>
9.1.1			
Additions in and depreciation on operating fixed assets during the six month period ended June 30, 2023 were Rs 2,202,290 thousand and Rs 2,567,770 thousand respectively.			
	Note	Un-audited June 30, 2024	Audited December 31, 2023
(Rupees '000)			
9.2 Capital work in progress			
Opening value		11,901,414	2,461,172
Additions during the period / year		2,925,038	10,234,653
Transfers during the period / year		(2,839,358)	(794,411)
		<u>11,987,094</u>	<u>11,901,414</u>
9.3 Right of use assets			
Opening balance		13,716,353	13,987,206
Exchange loss - net		-	939,686
Depreciation during the period / year		(598,875)	(1,210,539)
		<u>13,117,478</u>	<u>13,716,353</u>
9.4 Depreciation charge has been allocated as follows:			
Cost of sales		2,733,336	5,199,211
Administrative and distribution expenses		77,952	121,026
Other expenses		985	1,286
Charged to FFBL under the Company Services Agreement		7,648	14,027
		<u>2,819,921</u>	<u>5,335,550</u>
10. LONG TERM INVESTMENTS			
Equity accounted investments	10.1	109,126,801	95,093,880
Other long term investments	10.2	2,813,070	2,706,925
		<u>111,939,871</u>	<u>97,800,805</u>

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2024

Note	Un-audited June 30, 2024	Audited December 31, 2023
	(Rupees '000)	
10.1 Equity accounted investments		
Investment in associated companies - under equity method		
Fauji Cement Company Limited		
Balance at the beginning	3,417,302	3,085,305
Share of profit for the period / year	189,983	-
Gain on dilution of interest	-	331,997
	3,607,285	3,417,302
Fauji Fertilizer Bin Qasim Limited		
Balance at the beginning	35,008,094	32,621,347
Share of profit for the period / year	7,322,789	1,515,120
Share of OCI for the period / year	329,387	871,627
Dividend	(644,019)	-
	42,016,251	35,008,094
Fauji Foods Limited		
Balance at the beginning	4,787,277	-
Investment during the period / year	-	4,650,000
Share of profit for the period / year	47,789	137,369
Share of OCI for the period / year	-	(92)
	4,835,066	4,787,277
Askari Bank Limited		
Balance at the beginning	36,947,033	31,594,433
Share of profit for the period / year	4,586,250	7,709,072
Share of OCI for the period / year	1,874,263	(2,356,472)
Dividend	(1,563,333)	-
	41,844,213	36,947,033
Thar Energy Limited		
Balance at the beginning	8,662,870	5,730,558
Investment during the period / year	-	226,908
Share of profit for the period / year	1,620,164	2,705,214
Share of OCI for the period / year	-	190
	10,283,034	8,662,870
Investment in joint venture - under equity method		
Pakistan Maroc Phosphore S.A., Morocco		
Balance at the beginning	6,271,304	6,017,700
Share of profit / (loss) for the period / year	1,257,225	(1,161,830)
(Loss) / gain on translation of net assets	(157,745)	1,415,434
Dividend	(829,832)	-
	6,540,952	6,271,304
	109,126,801	95,093,880

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2024

	Un-audited June 30, 2024	Audited December 31, 2023
Note	(Rupees '000)	
10.2 Other long term investments		
Investment at fair value through other comprehensive income		
Term Deposit Receipts - from conventional bank	-	32,899
Term Finance Certificate - from conventional bank	300,000	498,865
Pakistan Investment Bonds	4,482,772	4,266,595
	4,782,772	4,798,359
Less: Current portion shown under short term investments		
Investment at fair value through other comprehensive income		
Term Deposit Receipts - from conventional bank	-	32,899
Bank Alfalah Term Finance Certificates	-	198,865
Pakistan Investment Bonds	1,969,702	1,859,670
12	1,969,702	2,091,434
	2,813,070	2,706,925

10.3 In the year 2023, 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).

11. OTHER RECEIVABLES

Other receivables includes Rs 6,961,878 thousand (December 31, 2023: Rs 6,961,878 thousand) on account of subsidy receivable against which provision for loss allowance amounting to Rs 6,434,404 thousand (December 31, 2023: Rs 5,719,404 thousand) has been recognised. This also includes Rs 21,615,479 thousand (December 31, 2023: Rs 21,198,940 thousand) on account of sales tax receivable against which provision for input tax disallowance amounting to Rs 8,473,620 thousand (December 31, 2023: Rs 4,332,620 thousand) has been recognised.

	Un-audited June 30, 2024	Audited December 31, 2023
Note	(Rupees '000)	
12. SHORT TERM INVESTMENTS		
Amortized cost - conventional instruments		
Foreign currency	5,087,160	4,956,685
	5,087,160	4,956,685
Investments at fair value through profit or loss		
Conventional investments	71,630,582	65,869,092
Shariah compliant investments	39,594,188	28,826,286
	111,224,770	94,695,378
Current maturity of long term investments		
Investments measured at fair value through		
Fair value through other comprehensive income	1,969,702	2,091,434
11	1,969,702	2,091,434
	118,281,632	101,743,497

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2024

	Three month period ended		Six month period ended	
	Un-audited June 30, 2024	Un-audited June 30, 2023	Un-audited June 30, 2024	Un-audited June 30, 2023
	(Rupees '000)		(Rupees '000)	
13. TURNOVER - NET				
Fertilizer	60,390,089	35,591,278	121,641,759	72,016,760
Power	6,478,389	6,663,113	9,005,998	8,743,125
Food	1,587,884	1,536,394	3,597,116	3,158,743
Technical Services	151,104	56,505	255,202	97,616
	68,607,466	43,847,290	134,500,075	84,016,244
Sales Tax	(4,017,925)	(889,821)	(7,386,122)	(1,299,386)
Trade Discount	(61,813)	(127,794)	(273,267)	(198,511)
	(4,079,738)	(1,017,615)	(7,659,389)	(1,497,897)
	64,527,728	42,829,675	126,840,686	82,518,347

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)				
June 30, 2024 (Un-audited)					
Assets					
Segment assets (Total)	186,392,587	55,809,476	9,755,011	586,803	252,543,877
Equity accounted investees	109,126,801	-	-	-	109,126,801
Liabilities					
Segment liabilities (Total)	178,984,435	1,705,189	3,927,821	143,647	184,761,092
Capital expenditure	4,315,494	11,623	804,963	-	5,132,080
Depreciation	1,404,724	1,191,085	223,878	234	2,819,921
December 31, 2023 (Audited)					
Assets					
Segment assets (Total)	170,911,158	53,178,358	7,413,930	324,588	231,828,034
Equity accounted investees	95,093,880	-	-	-	95,093,880
Liabilities					
Segment liabilities (Total)	168,871,573	1,494,429	6,376,734	95,725	176,838,461
Capital expenditure	15,117,405	56,853	277,337	874	15,452,469
Depreciation	2,549,006	2,355,923	430,364	257	5,335,550

* net of consolidated adjustments / eliminations

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
For the six month period ended June 30, 2024

	June 30, 2024	June 30, 2023
	(Rupees '000)	
15. CASH GENERATED FROM OPERATIONS		
Profit before tax	57,876,887	33,106,788
Adjustments for:		
Unwinding of GIDC liability	198,747	704,282
Loss allowance on subsidy receivable from GoP	955,000	500,000
Depreciation	2,812,273	2,569,108
Amortization	1,236	2,574
Amortization of transaction cost	-	184
Finance cost	3,110,476	3,294,046
Provision for slow moving spares	14,383	26,062
Reversal of provision for stock in trade - net	-	798,208
Gain on disposal of operating fixed assets	(28,102)	(14,337)
Interest and profit on loans, deposits and investments	(768,346)	(965,732)
Final taxes - levies	2,145,038	1,047,788
Amortization of Government grant	(18,267)	(19,353)
Exchange loss / (gain) - net	63,316	(967,590)
Share of profit of associated companies and joint venture	(15,024,200)	(2,574,237)
Gain on remeasurement of investments at fair value through profit or loss	(641,016)	(1,424,380)
	(7,179,462)	2,976,623
	50,697,425	36,083,411
Changes in:		
Stores and spares	(985,391)	(1,128,092)
Stock in trade	(3,900,553)	7,569,358
Trade debts	(2,074,033)	(3,308,833)
Loans and advances	609,422	(34,697)
Deposits and prepayments	230,125	142,299
Other receivables	4,744,317	(147,398)
Trade and other payables	5,850,201	3,840,545
	4,474,088	6,933,182
Changes in long term loans and advances	(430,969)	(360,018)
Changes in long term deposits and prepayments	(2,984)	(50)
Changes in compensated leave absences	214,280	-
	54,951,840	42,656,525

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, 2023. 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, 2023.

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
For the six month period ended June 30, 2024

	June 30, 2024	June 30, 2023
17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES	(Rupees '000)	
Significant transactions and balances with the related parties are as follows:		
HOLDING COMPANY		
Transactions		
Dividend paid	5,416,681	4,181,001
Cost recharge	379,222	375,000
Others	67	534
Balances		
Balance payable - unsecured *	188,966	-
ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	679,653	546,040
Commission on sale of products	11,337	9,240
Sale of fertilizer	84,471	130,950
Payment under consignment account - net	76,743,428	68,681,002
Payments against purchase of gas and PEF project	29,159,568	16,260,497
Equity investment	-	931,300
Advance against issue of shares	-	226,908
Services and materials provided	21,343	40,148
Donation	256,057	867,602
Interest expense	141,353	216,520
Interest income	65,415	23,465
Dividend income	3,037,184	-
Balances		
Long term investments *	-	32,899
Short term investments *	100,000	-
Short term borrowings *	387,564	413,612
Long term borrowings *	4,028,374	8,392,980
Bank balance *	101,013	124,603
Balance receivable - unsecured *	1,614,653	609,998
Balance payable - unsecured *	78,200,894	72,444,064

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
For the six month period ended June 30, 2024

	June 30, 2024	June 30, 2023
	(Rupees '000)	
Key management personnel		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2024: 2 and 613 (2023: 1 and 552) respectively.	3,889,447	3,443,532
STAFF RETIREMENT BENEFITS		
Contributions		
Employees' Provident Fund Trust	322,017	301,178
Employees' Gratuity Fund Trust	391,787	268,337
Employees' Pension Fund Trust	43,448	-
Employees' Funds as Dividend on equity holding of 0.25% (2023: 0.25%)	30,661	19,795
Balances		
Payable - Gratuity Fund Trust *	808,345	1,004,264
Payable - Provident Fund Trust *	850	750
Receivable - Pension Fund Trust *	387,406	365,682
OTHERS		
Transactions		
Remuneration and benefits of key management personnel (No. of person(s): 21 (2023: 20))	345,590	313,299
Balances		
Loans and advances *	147,057	108,049

* Comparative figures of receivable / payable balances are as of December 31, 2023.

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

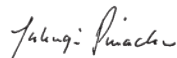
- 19.1** The Board of Directors of FFC in its meeting held on July 30, 2024 proposed second interim dividend of Rs 10.00 per share.
- 19.2** Subsequent to the period end, the Board of Directors of the Company, in their meeting held on July 19, 2024, have granted in-principle approval to evaluate the potential amalgamation of Fauji Fertilizer Bin Qasim Limited with and into FFC by way of scheme of arrangement.

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 July 30, 2024.



Chairman



Chief Executive Officer



Director



Chief Financial Officer



SAY NO TO CORRUPTION

If Undelivered please return to:
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