



HALF YEARLY
**FINANCIAL
STATEMENTS**

JUNE 30, 2022
(UN-AUDITED)

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Condensed Interim
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SAY NO TO CORRUPTION

Company Information

BOARD OF DIRECTORS

Mr. Waqar Ahmed Malik

Chairman

Mr. Sarfaraz Ahmed Rehman

Managing Director & Chief Executive Officer

Dr. Nadeem Inayat

Mr. Saad Amanullah Khan

Ms. Maryam Aziz

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

Mr. Peter Bruun Jensen

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

Syed Bakhtiyar Kazmi

Mr. Shoaib Javed Hussain

Mr. Jehangir Shah

Dr. Ayesha Khan

CHIEF FINANCIAL OFFICER

Syed Atif Ali

Tel No. +92-51-8456701, Fax No. +92-51-8459961

E-mail: atif_ali@ffc.com.pk

COMPANY SECRETARY

Brig Asrat Mahmood, SI(M) (Retd)

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

E-mail: secretary@ffc.com.pk

REGISTERED OFFICE

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Website: www.ffc.com.pk

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

Fax No. +92-51-8459925, E-mail: ffcryp@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, 2022

Dear Shareholders,

We are pleased to report that the Company has achieved profitability of Rs 9.60 billion for the period.

The Company's production of Sona urea stood at 1,276 thousand tonnes which was 4% higher than last year. This is mainly due to no maintenance turnaround during the first half, whereas maintenance turnaround of one plant was carried out during same period last year. The Company has however planned maintenance turnaround of two plants in second half of the year. This is expected to reduce the production during the second half of 2022 and also lead to higher repair and maintenance cost compared to last year.

Higher urea demand resulted in record Sona urea offtake of 1,275 thousand tonnes, 13% higher than last year. Increased urea sales combined with higher prices of imported fertilizers also led to highest ever all product revenue of Rs 54.71 billion during the period. The profit before tax of Rs 18.82 billion was negatively affected by double digit increase in interest rates with higher finance cost of Rs 2.02 billion compared to Rs 805 million in 2021. However, this profitability was driven by increase in investment income combined with higher dividend pay-out by associated companies which contributed towards improved other income of Rs 7.41 billion compared to Rs 4.21 billion in the previous year.

Total tax charge for the period amounts to Rs 9.22 billion (including super tax of Rs 3.52 billion and Rs 0.86 billion for years 2021 and 2022 respectively) at an effective tax rate of 49%, compared to Rs 3.73 billion for the period ended June 2021. The levy of super tax was enacted by the Finance Act 2022.

As a result, the Company earned profit after tax of Rs 9.60 billion compared to Rs 9.44 billion same period last year with EPS of Rs 7.55 as opposed to Rs 7.42 in 2021. The dollarized profitability of the Company however stood significantly reduced to USD 51 million compared to USD 60 million in 2021, due to severe devaluation of Pak Rupee during the current period.

Consistent with our commitment to provide sustained returns to our shareholders, the Board is pleased to announce second interim dividend of Rs 2.10 per share, with the aggregate distribution of Rs 5.80 per share during the first half of 2022.

Future Outlook

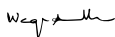
The geopolitical situation besides export restrictions by some countries resulted in a short supply of DAP. This caused a severe price hike in the global market. The Country meets around half of its DAP demands from imports, however the above factors combined with significant devaluation of Pak rupee and rising freight costs, led to reduction in imports in the Country during the first half. The local DAP market thus registered a 10% decline compared to last year. Lower imports caused an imbalance in fertilizer application which is expected to negatively impact the crop yields and risk the food security in the Country.

The subsidy receivable from the Government and GST refunds also continue to remain outstanding, resulting in substantial opportunity loss to FFC. The surge in inflation, continuous devaluation of rupee, increasing fuel cost and escalating interest rates also pose challenges towards Company's profitability. On top of that, the Government has imposed a super tax at 4% for future years as well and also exempted the fertilizer industry from GST, further adding to the costs of the Company.

Above in view, along with depleting gas reserves and declining gas pressures, are becoming ever more challenging. In this regard, the Company will have to invest substantial capital for which FFC needs to build-up reserves. Severe fluctuation in foreign exchange parity and imposition of super tax is expected to negatively impact the build-up of such reserves and implementation of sustainability projects. Hence, conducive Governmental policies are therefore imperative for the sustainability of the fertilizer industry besides ensuring food security in the Country.

The Board remains focused on providing attractive shareholders' returns through investment in sustainability projects, efficiency enhancement and diversification initiatives while continuing its contributions towards development of the farming community.

On behalf of the Board,



Waqar Ahmed Malik
Chairman

Rawalpindi
July 28, 2022



Sarfaraz Ahmed Rehman
Managing Director & Chief
Executive Officer

ڈائریکٹر کا تجزیہ

30 جون 2022 کو ختم ہونے والی مدت کے لیے

معزز حصہ داران!

ہمیں یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ کمپنی نے زبر جائزہ مدت کے دوران 9.60 ارب روپے کو منافع حاصل کیا ہے۔ کمپنی کی سونا یورپا کی پیداوار 1,276 ہزار ٹن رہی جو کہ گزشتہ برس کے مقابلے میں 4 فیصد زائد ہے۔ اس کا بنیادی سبب، پہلی ششماہی کے دوران، Maintenance Turnaround کا نہ ہونا ہے جبکہ گزشتہ برس اسی مدت کے دوران، ایک پلانٹ کا Maintenance Turnaround کیا گیا تھا۔ تاہم، کمپنی نے سال کی دوسری ششماہی کے دوران دو پلانٹوں کے Maintenance Turnaround کی منصوبہ بندی کر رکھی ہے جس کی وجہ سے سال کی دوسری ششماہی کے دوران تا صرف پیداوار میں کمی کا اندازہ ہے بلکہ گزشتہ برس کے مقابلے میں بحالی و مرمت کی لاگت (Repair & Maintenance Cost) میں اضافہ متوقع ہے۔

یورپا کی زائد طلب، سونا یورپا کی ریکارڈ 1,275 ہزار ٹن کی فروخت کا سبب بنی جو کہ گزشتہ سال کے مقابلے میں 13 فیصد زائد ہے۔ یورپا کی زائد فروخت کے ساتھ درآمدی کھادوں کی بلند قیمتیں اس مدت کے دوران تاریخی 54.71 ارب روپے کی آمدن فروخت (Turnover) کا باعث بنیں۔ شرح سود میں اضافے کے نتیجے میں مالیاتی لاگت (Finance Cost) 2.02 ارب روپے رہی، جو کہ 2021 کے دوران 805 ملین روپے تھی، جس کی وجہ سے کمپنی کے 18.82 ارب روپے کے قفل از ٹیکس منافع پر منفی اثرات مرتب ہوئے۔ تاہم، سرمایہ کاری آمدن (Investment Income) کے ساتھ ساتھ منسلک کمپنیوں (Associated Companies) کی جانب سے زائد ادائیگیاں 7.41 ارب روپے کی دیگر آمدن (Other Income) کا باعث بنیں جو کہ پچھلے سال 4.21 ارب روپے تھی جس کے باعث کمپنی کے منافع میں بہتری ہوئی۔

زبر جائزہ مدت کے لیے بیکل ٹیکس چارج (بشمول 3.52 ارب روپے اور 0.86 ارب روپے کا پیر ٹیکس بالترتیب 2021 اور 2022 کے لیے) 9.22 ارب روپے رہا جو کہ 49 فیصد اوسط شرح ٹیکس تھا۔ جبکہ جون 2021 کو ختم ہونے والی مدت کے لیے ٹیکس چارج 3.73 ارب روپے تھا۔ پیر ٹیکس کا نفاذ ایکٹ 2022 کے ذریعے کیا گیا تھا۔

نتیجتاً، کمپنی نے 9.60 ارب روپے کا بعد از ٹیکس منافع کمایا جو کہ گزشتہ سال کی اسی مدت کے دوران 9.44 ارب روپے تھا جبکہ فی شخص آمدن 7.55 روپے رہی جو کہ 2021 میں 7.42 روپے تھی۔ تاہم، زبر جائزہ مدت کے دوران پاکستانی روپے کی قدر میں شدید کمی کے باعث امریکی ڈالر کے تناسب سے کمپنی کا منافع نمایاں کمی کے ساتھ 51 ملین امریکی ڈالر رہا جو کہ گزشتہ برس 60 ملین امریکی ڈالر تھا۔

اپنے حصہ داران کے لیے مستقل آمدن کو یقینی بنانے کے اپنے عزم پر قائم رہتے ہوئے، یورڈ 2.10 روپے فی حصہ (21 فیصد) کے دوسرے عبوری منافع مستقیمہ کا اعلان کرتے ہوئے خوشی محسوس کرتا ہے اس طرح 2022 کی پہلی ششماہی کے دوران مجموعی ادائیگی 5.80 روپے فی شخص ہو گئی ہے۔

متوقع مستقبل

علاقائی سیاسی صورتحال کے علاوہ کچھ ممالک کی جانب سے درآمدی پابندیوں کے نتیجے میں DAP کی رسد میں کمی واقع ہوئی۔ اس کی وجہ سے عالمی منڈی میں قیمتوں میں بے تحاشہ اضافہ ہوا۔ ملک اپنی DAP کی ضروریات کا تقریباً نصف درآمدات سے پورا کرتا ہے، تاہم متذکرہ بالا عوامل کے ساتھ پاکستانی روپے کی قدر میں شدید کمی اور مال برداری کے بڑھتے ہوئے اخراجات، پہلی ششماہی کے دوران ملک میں درآمدات میں کمی کا باعث بنے۔ اس طرح مقامی DAP مارکیٹ میں گزشتہ سال کے مقابلے میں 10 فیصد کمی ریکارڈ کی گئی۔ کم درآمدات نے کھاد کے استعمال میں عدم توازن پیدا کیا جس سے فصلوں کی پیداوار اور ملک میں غذائی تحفظ پر منفی اثرات پڑنے کا اندیشہ ہے۔

حکومت سے واجب الوصول سبسڈی اور GST کے بقایا جات بھی بدستور حل طلب ہیں جو کہ ایف ایف سی کے لیے بہت بڑے Opportunity Loss کا باعث بن رہے ہیں۔ ان فراڈز میں تیزی سے اضافہ روپے کی قدر میں مسلسل کمی، ایڈھن کی لاگت میں اضافہ اور بڑھتی ہوئی شرح سود بھی کمپنی کے منافع کے لیے خطرات بن رہے ہیں۔ اور اس سبب سے بڑھ کر حکومت نے پیر ٹیکس 4 فیصد کی شرح سے آئندہ سالوں کے لیے بھی اطلاق کیا ہے اور کھاد کی صنعت کو Output GST سے بھی مستثنیٰ کر دیا گیا ہے جو کہ کمپنی کی لاگت میں اضافے کا باعث ہے۔

متذکرہ بالا کے ساتھ ساتھ گیس کے گھٹتے ہوئے ذخائر اور گیس کا کم ہوتا ہوا دباؤ کمپنی کے لیے مزید خطرات کا باعث بن رہے ہیں۔ اس سلسلے میں کمپنی کو خاطر خواہ سرمایہ کاری کرنا ہوگی جس کے لیے کمپنی کو مالیاتی ذخائر بڑھانے کی ضرورت ہے۔ زرمبادلہ کے نرخوں میں شدید تغیر اور پیر ٹیکس کے نفاذ کے باعث ایسے ذخائر کا قیام اور کاروباری استحکام کے منصوبوں کے نفاذ پر منفی اثرات متوقع ہیں۔ چنانچہ کھاد کی صنعت کے استحکام کے ساتھ ساتھ ملک میں غذائی تحفظ کو یقینی بنانے کے لیے، سازگار حکومتی اقدامات ناگزیر ہیں۔

کسان برادری کی فلاح کے لیے خدمات جاری رکھنے کے ساتھ ساتھ مستحکم منصوبوں میں سرمایہ کاری، استعداد میں اضافے اور متنوع اقدامات کے ذریعے حصہ داران کو بڑھ کر منافع فراہم کرنے کے لیے یورڈ اپنی توجہ مرکوز کیے ہوئے ہے۔

یورڈ کی جانب سے

Sarfraz Ahmad Raza

سر فراز احمد رٹمن

مینیجنگ ڈائریکٹر و چیف ایگزیکٹو آفیسر

ذوال احمد ملک

ذوال احمد ملک

چیئر مین

راولپنڈی

2022 جولائی 28

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, 2022 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, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended June 30, 2022.

Scope of Review

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

Conclusion

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

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



A.F. Ferguson & Co
Chartered Accountants
Islamabad
August 23, 2022

UDIN: RR202210053NrRv60zd



**Condensed Interim
Financial Statements**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	Un-audited June 30, 2022	Audited December 31, 2021
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	4	12,722,382	12,722,382
Capital reserves		160,000	160,000
Revenue reserves			
General reserves		8,802,360	8,802,360
Unappropriated profit		24,755,651	25,779,498
		33,558,011	34,581,858
(Deficit) / surplus on remeasurement of investments to fair value - net		(53,591)	50,054
		46,386,802	47,514,294
NON - CURRENT LIABILITIES			
Long term borrowings - secured	5	14,004,416	16,740,000
Lease liabilities		25,128	24,250
Gas Infrastructure Development Cess (GIDC) payable	6	14,486,759	20,801,970
Deferred liabilities		3,553,941	3,757,259
		32,070,244	41,323,479
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	5	4,620,000	4,504,198
Current portion of lease liabilities		20,612	37,494
Current portion of deferred government grant		12,383	40,802
Trade and other payables		89,612,054	62,481,315
Mark-up and profit accrued		798,556	722,941
Short term borrowings - secured	7	46,026,907	38,954,272
Unclaimed dividend		492,311	471,891
Taxation		9,626,673	4,956,079
		151,209,496	112,168,992
TOTAL EQUITY AND LIABILITIES		229,666,542	201,006,765

CONTINGENCIES AND COMMITMENTS

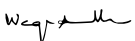
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The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

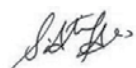
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Note	Un-audited June 30, 2022	Audited December 31, 2021
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	9	24,575,141	23,987,286
Intangible assets		1,574,799	1,576,441
Long term investments	10	47,608,575	46,114,698
Long term loans and advances - secured		4,024,325	3,044,137
Long term deposits and prepayments		11,617	14,678
		77,794,457	74,737,240
CURRENT ASSETS			
Stores, spares and loose tools		6,016,099	4,557,509
Stock in trade		12,501,783	1,048,397
Trade debts		574,059	833,231
Loans and advances - secured		1,063,507	758,658
Deposits and prepayments		260,453	66,684
Other receivables	11	25,200,326	22,619,197
Short term investments	12	92,559,128	95,196,271
Cash and bank balances		13,696,730	1,189,578
		151,872,085	126,269,525
TOTAL ASSETS		229,666,542	201,006,765


Chairman

Chief Executive Officer

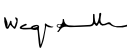
Director

Chief Financial Officer

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

For the six month period ended June 30, 2022

Note	Three month period ended		Six month period ended		
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	
	(Rupees '000)		(Rupees '000)		
Turnover - net	13	28,390,362	22,429,541	54,705,713	44,018,133
Cost of sales		(16,848,577)	(14,653,293)	(33,805,641)	(27,807,744)
GROSS PROFIT		11,541,785	7,776,248	20,900,072	16,210,389
Distribution cost		(2,120,176)	(1,956,087)	(4,306,518)	(3,963,829)
		9,421,609	5,820,161	16,593,554	12,246,560
Finance cost		(944,967)	(384,730)	(2,017,148)	(804,669)
Other losses					
Unwinding of GIDC liability		(645,015)	(1,198,818)	(1,174,764)	(1,198,818)
Loss allowance on subsidy receivable from GoP		(350,000)	-	(350,000)	-
		(995,015)	(1,198,818)	(1,524,764)	(1,198,818)
Other expenses		(915,431)	(569,366)	(1,642,701)	(1,292,267)
		6,566,196	3,667,247	11,408,941	8,950,806
Other income		3,950,621	1,494,671	7,409,402	4,214,044
PROFIT BEFORE TAXATION		10,516,817	5,161,918	18,818,343	13,164,850
Provision for taxation		(7,157,000)	(1,541,000)	(9,219,000)	(3,729,000)
PROFIT FOR THE PERIOD		3,359,817	3,620,918	9,599,343	9,435,850
Earnings per share - basic and diluted (Rupees)		2.64	2.85	7.55	7.42

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




Chairman



Chief Executive Officer



Director

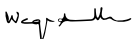


Chief Financial Officer

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

	Three month period ended		Six month period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Rupees '000)		(Rupees '000)	
PROFIT FOR THE PERIOD	3,359,817	3,620,918	9,599,343	9,435,850
OTHER COMPREHENSIVE INCOME				
Items that are reclassified to profit or loss				
(Deficit) / surplus on re-measurement of investments to fair value - net	(44,585)	13,199	(103,645)	(35,407)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3,315,232	3,634,117	9,495,698	9,400,443

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



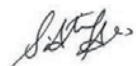
Chairman



Chief Executive Officer



Director



Chief Financial Officer

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

For the six month period ended June 30, 2022

	Share capital	Capital reserves	Revenue reserves		(Deficit) /surplus on remeasurement of investments to fair value - net	Total
			General reserves	Unappropriated profit		
				(Rupees '000)		
Balance as at January 1, 2021 (Audited)	12,722,382	160,000	8,802,360	20,659,023	191,906	42,535,671
Total comprehensive income						
Profit for the period	-	-	-	9,435,850	-	9,435,850
Other comprehensive (loss) - net of tax	-	-	-	-	(35,407)	(35,407)
	-	-	-	9,435,850	(35,407)	9,400,443
Transactions with owners of the Company						
Distributions:						
Final dividend 2020: Rs 3.40 per share	-	-	-	(4,325,610)	-	(4,325,610)
First interim dividend 2021: Rs 3.50 per share	-	-	-	(4,452,834)	-	(4,452,834)
	-	-	-	(8,778,444)	-	(8,778,444)
Balance as at June 30, 2021 (Un-audited)	12,722,382	160,000	8,802,360	21,316,429	156,499	43,157,670
Balance as at January 1, 2022 (Audited)	12,722,382	160,000	8,802,360	25,779,498	50,054	47,514,294
Total comprehensive income						
Profit for the period	-	-	-	9,599,343	-	9,599,343
Other comprehensive (loss) - net of tax	-	-	-	-	(103,645)	(103,645)
	-	-	-	9,599,343	(103,645)	9,495,698
Transactions with owners of the Company						
Distributions:						
Final dividend 2021: Rs 4.65 per share	-	-	-	(5,915,908)	-	(5,915,908)
First interim dividend 2022: Rs 3.70 per share	-	-	-	(4,707,282)	-	(4,707,282)
	-	-	-	(10,623,190)	-	(10,623,190)
Balance as at June 30, 2022 (Un-audited)	12,722,382	160,000	8,802,360	24,755,651	(53,591)	46,386,802

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



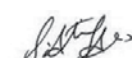
Chairman



Chief Executive Officer



Director



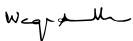
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the six month period ended June 30, 2022

Note	June 30, 2022	June 30, 2021
	(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	14 24,335,278	1,868,986
Finance cost paid	(1,938,923)	(816,290)
Income tax paid	(4,807,406)	(3,582,715)
	(6,746,329)	(4,399,005)
Net cash generated from / (used in) operating activities	17,588,949	(2,530,019)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,870,826)	(2,075,009)
Proceeds from sale of operating fixed assets	31,507	9,701
Investment in Thar Energy Limited	(907,524)	-
Advance against issue of shares - Thar Energy Limited	(338,250)	(376,707)
Other investments - net	(546,167)	241,321
Interest and profit received	369,412	291,311
Dividend received	1,260,000	1,855,019
Net cash used in investing activities	(2,001,848)	(54,364)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing		
Repayments	(2,619,782)	(2,265,000)
Repayment of lease liabilities	(18,614)	(16,226)
Dividend paid	(10,602,770)	(8,774,281)
Net cash used in financing activities	(13,241,166)	(11,055,507)
Net increase / (decrease) in cash and cash equivalents	2,345,935	(13,639,890)
Cash and cash equivalents at beginning of the period	55,178,417	57,709,240
Effect of exchange rate changes	429,486	(33,425)
Cash and cash equivalents at end of the period	57,953,838	44,035,925
CASH AND CASH EQUIVALENTS		
Cash and bank balances	13,696,730	1,195,909
Short term borrowings - secured	(46,026,907)	(39,650,765)
Short term highly liquid investments	90,284,015	82,490,781
	57,953,838	44,035,925

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


Chairman

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

- 2.2 The disclosures in these condensed interim financial statements do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements of the Company for the year ended December 31, 2021. Comparative condensed interim statement of financial position is extracted from annual financial statements as at December 31, 2021 whereas comparative condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from un-audited condensed interim financial statements of the Company for the six month period ended June 30, 2021.
- 2.3 These condensed interim financial statements are un-audited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim financial statements and financial risk management policy are the same as those applied in preparation of financial statements of the Company for the year ended December 31, 2021.

4. SHARE CAPITAL

AUTHORISED SHARE CAPITAL

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

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

	Note	Un-audited June 30, 2022	Audited December 31, 2021
(Rupees '000)			
5. LONG TERM BORROWINGS - SECURED			
From conventional banks	5.1	10,624,416	13,244,198
From Islamic banks	5.2	8,000,000	8,000,000
		18,624,416	21,244,198
Less: Current portion shown under current liabilities			
From conventional banks		3,620,000	4,504,198
From Islamic banks		1,000,000	-
		4,620,000	4,504,198
		14,004,416	16,740,000
5.1 Movement during the period / year is as follows:			
Opening balance		13,244,198	12,962,097
Draw-downs during the period / year		-	4,469,601
Repayments during the period / year		(2,619,782)	(4,187,500)
Closing balance	5.1.1	10,624,416	13,244,198

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

These carry mark-up ranging between 6 month KIBOR + 0.05% to 0.15% per annum and 3 month KIBOR + 0.15% per annum (December 31, 2021: 6 month KIBOR + 0.08% to 0.40% per annum and 3 month KIBOR + 0.15%) and are repayable up to September 2026 (December 31, 2021: September 2026).

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

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

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

These carry profit rates ranging between 6 month KIBOR + 0.10% per annum (December 31, 2021: 6 month KIBOR + 0.10% to 0.30% per annum) and are repayable up to September 2026 (December 31, 2021: September 2026).

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

	Note	Un-audited June 30, 2022	Audited December 31, 2021
(Rupees '000)			
6. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE			
Balance at the beginning		59,158,374	56,716,885
Unwinding of GIDC liability - charge to profit or loss		1,174,764	2,441,489
		60,333,138	59,158,374
Less: Current portion of GIDC payable	6.1	(45,846,379)	(38,356,404)
Long-term portion of GIDC payable		14,486,759	20,801,970

6.1 This amount is included in trade and other payables.

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

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

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

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

	Note	Un-audited June 30, 2022	Audited December 31, 2021
(Rupees '000)			
7. SHORT TERM BORROWINGS - SECURED			
From conventional banks	7.1	42,469,986	34,972,693
From Islamic banks	7.2	3,556,921	3,981,579
		46,026,907	38,954,272

- 7.1 Short term borrowings are available from various banking companies under mark-up arrangements against facilities amounting to Rs 65,760,000 thousand (December 31, 2021: Rs 52,861,600 thousand) which represent the aggregate of all facility agreements between the Company and respective banks. The facilities have various maturity dates upto December 29, 2023 (December 31, 2021: December 29, 2023).

The facilities are secured by pari passu / ranking hypothecation charges on assets of the Company besides lien over Mutual Funds /PIBs in certain cases. The per annum rates of mark-up are 1 month KIBOR + 0% to 0.35% and 3 month KIBOR + 0% to 0.35% (December 31, 2021: 1 week KIBOR minus 2.37%, 1 month KIBOR minus 0.05% to 1 month KIBOR + 0.35% and 3 month KIBOR + 0% to 0.35%).

- 7.2 Shariah compliant short term borrowings are available from various banking companies under profit arrangements against facilities amounting to Rs 3,800,000 thousand (December 31, 2021: Rs 4,000,000 thousand) which represent the aggregate of all facility agreements between the Company and respective banks. The facilities have various maturity dates upto July 31, 2022 (December 31, 2021: May 31, 2022).

The facilities are secured by ranking hypothecation charges on assets of the Company besides lien over PIBs in certain cases. The per annum rate of profit is 1 month KIBOR + 0% to 0.10% (December 31, 2021: 3 month KIBOR + 0%).

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

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

- | | | |
|---|-----------|-----------|
| i) Guarantees issued by banks on behalf of the Company | 7,179,816 | 7,384,810 |
| ii) Claims against the Company and / or potential exposure not acknowledged as debt | 50,696 | 50,696 |
| iii) The Company has issued corporate bank guarantee in favour of its subsidiary i.e. Fauji Fresh n Freeze Limited amounting to Rs 2,245,000 thousand (December 31, 2021: Rs 2,245,000 thousand). | | |
| iv) Penalty of Rs 5,500,000 thousand imposed by the Competition Commission of Pakistan (CCP) in 2013, for alleged unreasonable increase in urea prices, which was set aside by the Competition Appellate Tribunal, in appeal filed by the Company, who also remanded the case back to CCP to decide the case afresh under guidelines provided by the Tribunal. CCP did not challenge this order before the Supreme Court of Pakistan in appeal within the stipulated time, thus making the appeal time barred. However, in prior year, CCP under the said Tribunal guidelines resumed the proceedings. The Company also filed writ petition before Islamabad High Court (IHC) which was dismissed by the IHC during the current period. CCP is yet to resume proceedings at its end, at which point the Company shall join the proceedings through its counsel and remains confident of successfully defending these unreasonable claims. | | |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

	Note	Un-audited June 30, 2022	Audited December 31, 2021
(Rupees '000)			
8.2 Commitments in respect of:			
i) Capital expenditure		3,266,359	2,565,416
ii) Purchase of fertilizer, stores, spares and other operational items		17,917,048	9,973,763
iii) Investment in Thar Energy Limited		1,107,558	2,283,042
iv) Contracted out services		298,537	335,704
9. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	9.1	22,406,899	21,943,479
Capital work in progress	9.2	2,142,198	2,008,135
Right of use assets	9.3	26,044	35,672
		24,575,141	23,987,286
9.1 Operating fixed assets			
Opening written down value		21,943,479	21,880,111
Additions during the period / year		1,736,763	2,472,310
Written down value of disposals		(83)	(183)
Depreciation during the period / year		(1,273,260)	(2,408,759)
		22,406,899	21,943,479
9.1.1 Additions in and depreciation on operating fixed assets during the six month period ended June 30, 2021 were Rs 1,087,714 thousand and Rs 1,191,457 thousand respectively.			
		Un-audited June 30, 2022	Audited December 31, 2021
(Rupees '000)			
9.2 Capital work in progress			
Opening value		2,008,135	897,906
Additions during the period / year		1,267,771	2,816,117
Transfers during the period / year		(1,133,708)	(1,705,888)
		2,142,198	2,008,135
9.3 Right of use assets			
Opening value		35,672	62,972
Additions during the period / year		-	3,781
Depreciation during the period / year		(9,628)	(31,081)
		26,044	35,672
9.4 Depreciation charge has been allocated as follows:			
Cost of sales		1,231,447	2,355,726
Distribution cost		43,492	73,360
Other expenses		1,035	2,225
Charged to FFBL under the Company Services Agreement		6,914	8,529
		1,282,888	2,439,840

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

	Note	Un-audited June 30, 2022	Audited December 31, 2021
(Rupees '000)			
10. LONG TERM INVESTMENTS			
Investments held at cost			
In associated companies (Quoted)			
Fauji Cement Company Limited	10.1	1,500,000	1,500,000
Fauji Fertilizer Bin Qasim Limited		7,152,693	7,152,693
Askari Bank Limited		10,461,921	10,461,921
		19,114,614	19,114,614
In associated company (Unquoted)			
Thar Energy Limited		4,490,482	3,206,251
Advance against issue of shares		338,250	376,707
		4,828,732	3,582,958
In joint venture (Unquoted)			
Pakistan Maroc Phosphore S.A., Morocco		705,925	705,925
In subsidiary companies (Unquoted)			
FFC Energy Limited		2,438,250	2,438,250
Fauji Wind Energy Limited - I		7,493,051	7,493,051
Fauji Wind Energy Limited - II		6,019,288	6,019,288
Olive Technical Services (Pvt) Limited		20,000	20,000
Fauji Fresh n Freeze Limited			
Investment at cost		6,335,500	6,335,500
Less: Impairment loss		(2,100,000)	(2,100,000)
		4,235,500	4,235,500
		20,206,089	20,206,089
		44,855,360	43,609,586
Investments measured at fair value through other comprehensive income			
Term Deposit Receipts - from conventional bank		106,994	110,197
Bank Alfalah Term Finance Certificate		183,455	185,785
Pakistan Investment Bonds		4,737,879	4,462,282
		5,028,328	4,758,264
		49,883,688	48,367,850
Less: Current portion shown under short term investments - fair value through other comprehensive income			
Term Deposit Receipts - from conventional bank		59,553	40,052
Pakistan Investment Bonds		2,215,560	2,213,100
	12	2,275,113	2,253,152
		47,608,575	46,114,698

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

11. OTHER RECEIVABLES

Other receivables include Rs 6,961,878 thousand (December 31, 2021: Rs 6,961,878 thousand) on account of subsidy receivable and Rs 18,404,781 thousand (December 31, 2021: Rs 16,614,878 thousand) on account of sales tax receivable from the Government.

	Note	Un-audited June 30, 2022	Audited December 31, 2021
(Rupees '000)			
12. SHORT TERM INVESTMENTS			
Amortised cost - conventional investments			
Term deposits with banks and financial institutions			
Local currency		-	11,000,000
Foreign currency		3,170,762	2,712,822
		3,170,762	13,712,822
Investments at fair value through profit or loss			
Conventional investments		87,113,239	76,825,517
Shariah compliant investments		14	223,474
		87,113,253	77,048,991
Investments at fair value through other comprehensive income (OCI)			
Treasury Bills		-	2,181,306
Current maturity of long term investments			
Fair value through other comprehensive income	10	2,275,113	2,253,152
		92,559,128	95,196,271

		Three month period ended		Six month period ended	
		Un-audited June 30, 2022	Un-audited June 30, 2021	Un-audited June 30, 2022	Un-audited June 30, 2021
		(Rupees '000)		(Rupees '000)	

13. TURNOVER - NET

Manufactured urea	23,797,431	18,583,410	45,681,379	37,563,763
Purchased and packaged fertilizers	5,183,746	4,314,991	10,160,160	7,374,658
	28,981,177	22,898,401	55,841,539	44,938,421
Less: Sales tax	(590,815)	(468,860)	(1,135,826)	(920,288)
	28,390,362	22,429,541	54,705,713	44,018,133

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

For the six month period ended June 30, 2022

	June 30, 2022	June 30, 2021
	(Rupees '000)	
14. CASH GENERATED FROM OPERATIONS		
Profit before taxation	18,818,343	13,164,850
Adjustments for:		
Unwinding of GIDC liability	1,174,764	1,198,818
Loss allowance on subsidy receivable from GoP	350,000	-
Depreciation	1,275,974	1,203,011
Amortization	1,642	1,789
Finance cost	2,017,148	804,669
Provision for / (reversal of) slow moving spares	17,197	(5,070)
Gain on disposal of operating fixed assets	(31,424)	(9,669)
Interest and profit on loans, deposits and investments	(415,503)	(312,109)
Amortization of Government grant	(28,419)	(27,603)
Exchange (gain) / loss - net	(429,486)	33,425
Loss / (gain) on re-measurement of investments at fair value through profit or loss	176,695	(229,694)
Dividend income	(2,515,538)	(1,907,603)
	1,593,050	749,964
	20,411,393	13,914,814
Changes in:		
Stores, spares and loose tools	(1,475,787)	(271,779)
Stock in trade	(11,453,386)	(6,987,748)
Trade debts	259,172	363,851
Loans and advances	(304,849)	26,538
Deposits and prepayments	(193,769)	(170,220)
Other receivables	(1,272,586)	(1,379,291)
Trade and other payables	19,290,764	(3,281,455)
	4,849,559	(11,700,104)
Changes in long term loans and advances	(980,188)	(342,101)
Changes in long term deposits and prepayments	3,061	(3,623)
Changes in deferred liabilities	51,453	-
	24,335,278	1,868,986

15. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

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

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

For the six month period ended June 30, 2022

	June 30, 2022	June 30, 2021
	(Rupees '000)	
16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES		
Significant transactions and balances with the related parties are as follows:		
HOLDING COMPANY		
Transactions		
Dividend paid	4,711,385	3,893,240
Services received	120,768	129,600
Sale of fertilizer	2,199	-
Others	60	68
Balances		
Balance payable - unsecured *	60,000	-
SUBSIDIARY COMPANIES		
Transactions		
Interest income	-	2,216
Receipt of interest accrued on loans	-	22,834
Rental income	5,934	5,520
Dividend income	1,260,000	-
Expenses incurred on behalf of subsidiary companies	55,423	84,353
Receipt against expenses on behalf of subsidiary companies	61,675	214,382
Receipt of loan principal	-	55,279
Balances		
Balances receivable - unsecured *	171,527	171,819
ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	531,335	468,059
Commission on sale of products	11,438	8,992
Payments under consignment account - net	62,366,379	30,201,585
Payments against purchase of gas as feed and fuel stock	16,504,392	15,203,461
Equity investment	907,524	-
Advance against issue of shares	338,250	376,707
Services and materials provided	3,169	17,206
Services and materials received	441	15,695
Donations	311,208	194,000
Interest expense	200,870	46,676
Interest income	4,414	4,748
Dividend income	1,255,538	1,907,603

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

For the six month period ended June 30, 2022

	June 30, 2022	June 30, 2021
	(Rupees '000)	
Balances		
Dividend receivable *	1,255,538	-
Long term investments *	106,994	110,197
Short term investments *	-	11,000,000
Short term borrowing *	12,136,606	4,212,743
Running finance *	157,618	215,186
Balances receivable - unsecured *	362,031	360,858
Balances payable - unsecured *	72,609,659	67,052,323
KEY MANAGEMENT PERSONNEL		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2022: 1 and 430 (2021: 1 and 426) respectively	2,628,556	2,548,888
STAFF RETIREMENT BENEFITS		
Contributions		
Employees' Provident Fund Trust	247,222	240,633
Employees' Gratuity Fund Trust	253,339	229,632
Employees' Pension Fund Trust	148,611	217,967
Employees' Funds as Dividend on equity holding of 0.25% (2021: 0.15%)	26,242	15,640
Balances		
Payable to Gratuity Fund Trust *	610,189	736,858
Payable to Pension Fund Trust *	248,725	323,030

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

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

For the six month period ended June 30, 2022

17. OPERATING SEGMENTS

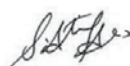
The condensed interim financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company is disclosed in note 13 to the condensed interim financial statements.

18. NON ADJUSTING EVENTS AFTER REPORTING DATE

- 18.1 The Board of Directors of the Company in its meeting held on July 28, 2022 proposed second interim dividend of Rs 2.10 per share.

19. GENERAL

- 19.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 19.2 The Company has taken appropriate measures to keep its human resource and assets safe and secure. Further, the Company is continuously monitoring the situation to counter act the changed environment. The management believes that there is no significant financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income or expenses, as disclosed in these condensed interim financial statements. The management has evaluated and concluded that there are no material implications of COVID-19 that require specific disclosures in these condensed interim financial statements.
- 19.3 These condensed interim financial statements have been authorized for issue by the Board of Directors of the Company on July 28, 2022.

**Chairman****Chief Executive Officer****Director****Chief Financial Officer**



**Condensed
Interim Consolidated
Financial Statements**

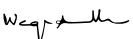
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2022

	Note	Un-audited June 30, 2022	Audited December 31, 2021
(Rupees '000)			
EQUITY AND LIABILITIES			
EQUITY AND RESERVES			
Share capital	4	12,722,382	12,722,382
Capital reserves		8,983,378	8,192,070
Revenue reserves			
General reserves		8,802,360	8,802,360
Unappropriated profit		70,655,669	66,706,905
		79,458,029	75,509,265
Deficit on remeasurement of investments to fair value - net		(2,198,300)	(96,563)
Non-controlling interest		2,248,704	2,094,240
		101,214,193	98,421,394
Share in revaluation reserve of associates - net		1,434,687	1,342,486
NON - CURRENT LIABILITIES			
Long term borrowings - secured	5	16,291,889	19,171,909
Lease liabilities		1,772,822	2,939,474
Deferred government grant		157,884	175,326
Gas Infrastructure Development Cess (GIDC) payable	6	14,486,759	20,801,970
Deferred liabilities		9,978,942	8,540,489
		42,688,296	51,629,168
CURRENT LIABILITIES			
Current portion of long term borrowings - secured	5	6,353,518	6,953,989
Current portion of lease liabilities		3,263,346	2,744,891
Current portion of deferred government grant		50,324	78,419
Trade and other payables		91,669,412	64,182,542
Mark-up and profit accrued		961,130	743,202
Short term borrowings - secured	7	46,618,792	38,999,470
Unclaimed dividend		492,311	471,891
Taxation		9,677,159	4,973,806
		159,085,992	119,148,210
TOTAL EQUITY AND LIABILITIES		304,423,168	270,541,258
CONTINGENCIES AND COMMITMENTS			
	8		

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at June 30, 2022

	Note	Un-audited June 30, 2022	Audited December 31, 2021
(Rupees '000)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	9	51,103,810	50,301,559
Intangible assets		1,938,452	1,940,793
Long term investments	10	75,972,455	70,385,095
Long term loans and advances - secured		4,024,325	3,044,137
Long term deposits and prepayments		29,827	31,249
		133,068,869	125,702,833
CURRENT ASSETS			
Stores, spares and loose tools		6,218,082	4,735,610
Stock in trade		13,603,082	1,353,901
Trade debts		13,620,211	11,428,346
Loans and advances		1,248,127	968,842
Deposits and prepayments		317,388	78,361
Other receivables	11	25,853,372	24,366,825
Short term investments	12	95,817,805	100,036,963
Cash and bank balances		14,676,232	1,827,166
		171,354,299	144,796,014
Asset classified as held for sale		-	42,411
TOTAL ASSETS		304,423,168	270,541,258



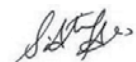
Chairman



Chief Executive Officer



Director



Chief Financial Officer

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

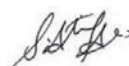
For the six month period ended June 30, 2022

	Note	Three month period ended		Six month period ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
		(Rupees '000)		(Rupees '000)	
Turnover - net	13	33,535,282	23,938,795	62,061,227	46,457,544
Cost of sales		(18,108,075)	(15,199,610)	(36,464,282)	(28,902,689)
GROSS PROFIT		15,427,207	8,739,185	25,596,945	17,554,855
Administrative and distribution expenses		(2,394,799)	(2,103,973)	(4,752,796)	(4,242,369)
		13,032,408	6,635,212	20,844,149	13,312,486
Finance cost		(1,187,368)	(468,110)	(2,476,228)	(959,641)
Other losses					
Unwinding of GIDC liability		(645,015)	(1,198,818)	(1,174,764)	(1,198,818)
Loss allowance on subsidy receivable from GoP		(350,000)	-	(350,000)	-
		(995,015)	(1,198,818)	(1,524,764)	(1,198,818)
Other expenses		(928,757)	(571,070)	(1,661,774)	(1,295,254)
		9,921,268	4,397,214	15,181,383	9,858,773
Other income		3,038,143	1,253,961	5,406,407	2,372,941
Share of profit of associates and joint venture		2,401,703	1,717,805	6,014,552	3,633,273
PROFIT BEFORE TAXATION		15,361,114	7,368,980	26,602,342	15,864,987
Provision for taxation		(8,576,172)	(1,815,343)	(11,222,616)	(4,303,060)
PROFIT FOR THE PERIOD		6,784,942	5,553,637	15,379,726	11,561,927
ATTRIBUTABLE TO:					
Equity Holders of Fauji Fertilizer Company Limited		6,533,736	5,553,637	15,085,262	11,561,927
Non - Controlling Interest		251,206	-	294,464	-
		6,784,942	5,553,637	15,379,726	11,561,927
Earnings per share - basic and diluted (Rupees)		5.14	4.37	11.86	9.09

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


Chairman

Chief Executive Officer

Director

Chief Financial Officer

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

	Three month period ended		Six month period ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Rupees '000)		(Rupees '000)	
PROFIT FOR THE PERIOD	6,784,942	5,553,637	15,379,726	11,561,927
OTHER COMPREHENSIVE INCOME				
Items that are reclassified subsequently to profit or loss				
(Deficit)/surplus on re-measurement of investments to fair value - net of tax	(70,029)	17,991	(129,089)	(30,615)
Share of equity accounted investees - share of OCI, net of tax	(514,488)	(1,169,086)	(1,687,853)	(1,506,001)
	(584,517)	(1,151,095)	(1,816,942)	(1,536,616)
Items that will not be subsequently reclassified to profit or loss				
Equity accounted investees - share of OCI, net of tax	-	10,220	(6,795)	(3,610)
Comprehensive income taken to equity	6,200,425	4,412,762	13,555,989	10,021,701
Comprehensive income not recognised in equity				
Items that may be subsequently reclassified to profit or loss				
Share in revaluation reserve of associates - net	-	-	92,201	(24,689)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,200,425	4,412,762	13,648,190	9,997,012

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



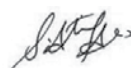
Chairman



Chief Executive Officer



Director



Chief Financial Officer



CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
For the six month period ended June 30, 2022

	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	Statutory reserve	General reserve (Rupees 000)	Unappropriated profit				
Balance as at January 1, 2021 (Audited)	12,722,382	40,000	120,000	3,790,641	8,802,360	48,814,236	663,884	-	77,739,495	
Total comprehensive income	-	-	-	-	-	11,561,927	-	-	11,561,927	
Profit for the period	-	-	-	-	-	(3,510)	(1,176,648)	-	(1,540,226)	
Other comprehensive (loss) - net of tax	-	-	-	-	-	(359,969)	(1,176,648)	-	(1,540,226)	
Transactions with owners of the Company	-	-	-	-	-	11,568,317	(1,176,648)	-	10,021,701	
Distributions:	-	-	-	-	-	(4,325,610)	-	-	(4,325,610)	
Final dividend 2020: Rs 3.40 per share	-	-	-	-	-	(4,325,610)	-	-	(4,325,610)	
First interim dividend 2021: Rs 3.50 per share	-	-	-	-	-	(4,452,834)	-	-	(4,452,834)	
Other changes in equity	-	-	-	-	-	(8,778,444)	-	-	(8,778,444)	
Transfer to statutory reserve	-	-	-	(1,268,662)	-	1,268,662	-	-	-	
Balance as at June 30, 2021 (Un-Audited)	12,722,382	40,000	120,000	2,521,979	8,802,360	52,862,771	(512,764)	-	78,982,752	
Balance at January 1, 2022 (Audited)	12,722,382	40,000	120,000	4,810,818	8,802,360	66,706,905	(96,563)	2,094,240	98,421,394	
Total comprehensive income	-	-	-	-	-	15,085,262	-	-	15,379,726	
Profit for the period	-	-	-	-	-	(6,795)	(2,101,737)	-	(1,823,737)	
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	284,795	(2,101,737)	-	(1,823,737)	
Transactions with owners of the Company	-	-	-	-	-	15,078,467	(2,101,737)	294,464	13,555,989	
Distributions:	-	-	-	-	-	(5,915,909)	-	-	(5,915,909)	
FFC dividends:	-	-	-	-	-	(5,915,909)	-	-	(5,915,909)	
Final dividend 2021: Rs 4.65 per share	-	-	-	-	-	(4,707,282)	-	-	(4,707,282)	
First interim dividend 2022: Rs 3.70 per share	-	-	-	-	-	(4,707,282)	-	-	(4,707,282)	
FWEL-II dividends to non-controlling interest holders:	-	-	-	-	-	(10,623,190)	-	-	(10,623,190)	
Interim dividend 2022: Rs 1.98 per share	-	-	-	-	-	-	-	(140,000)	(140,000)	
Other changes in equity	-	-	-	506,513	-	(506,513)	-	-	-	
Transfer to statutory reserve	-	-	-	506,513	-	(506,513)	-	-	-	
Balance as at June 30, 2022 (Un-Audited)	12,722,382	40,000	120,000	5,317,331	8,802,360	70,655,669	(2,198,300)	2,248,704	101,214,193	

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

Chairman

Chief Executive Officer

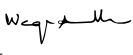
Director

Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
For the six month period ended June 30, 2022

	Note	June 30, 2022	June 30, 2021
(Rupees '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	26,894,389	2,803,825
Finance cost paid		(2,258,300)	(962,183)
Income tax paid		(4,849,477)	(3,628,073)
		(7,107,777)	(4,590,256)
Net cash generated from / (used in) operating activities		19,786,612	(1,786,431)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,273,057)	(2,178,105)
Proceeds from sale of property, plant and equipment		61,944	9,797
Investment in Thar Energy Limited		(907,524)	-
Advance against issue of shares in Thar Energy Limited		(338,250)	(376,707)
Other investments - net		1,124,003	650,126
Interest and profit received		569,077	328,773
Dividend received		-	1,855,019
Net cash (used in) / generated from investing activities		(1,763,807)	288,903
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing:			
Draw-downs		306,701	-
Repayments		(3,791,110)	(2,964,249)
Repayment of lease liabilities		(1,572,470)	(6,532)
Dividend paid		(10,742,770)	(8,774,281)
Net cash used in financing activities		(15,799,649)	(11,745,062)
Net increase / (decrease) in cash and cash equivalents		2,223,156	(13,242,590)
Cash and cash equivalents at beginning of the period		57,704,815	57,974,712
Effect of exchange rate changes		429,484	(106,557)
Cash and cash equivalents at end of the period		60,357,455	44,625,565
CASH AND CASH EQUIVALENTS			
Cash and bank balances		14,676,232	1,487,549
Short term borrowings - secured		(46,618,792)	(40,320,765)
Short term highly liquid investments		92,300,015	83,458,781
		60,357,455	44,625,565

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


Chairman


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, significant judgements made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim consolidated financial statements and financial risk management policy are the same as those applied in preparation of financial statements of the Group for the year ended December 31, 2021.

4. SHARE CAPITAL

AUTHORISED SHARE CAPITAL

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un-audited June 30, 2022	Audited December 31, 2021	Note	Un-audited June 30, 2022	Audited December 31, 2021
(Number of shares)			(Rupees '000)	
256,495,902	256,495,902	Ordinary shares of Rs 10 each, issued for consideration in cash	2,564,959	2,564,959
1,015,742,345	1,015,742,345	Ordinary shares of Rs 10 each, issued as fully paid bonus shares	10,157,423	10,157,423
<u>1,272,238,247</u>	<u>1,272,238,247</u>		<u>12,722,382</u>	<u>12,722,382</u>
5. LONG TERM BORROWINGS - SECURED				
From conventional banks				
Fauji Fertilizer Company Limited		5.1	10,624,416	13,244,198
FFC Energy Limited		5.2	791,759	1,540,537
Fauji Fresh n Freeze Limited		5.3	1,899,354	1,607,112
Foundation Wind Energy - I Limited (FWEL - I)		5.4	692,184	903,230
Foundation Wind Energy - II Limited (FWEL - II)		5.5	637,694	830,821
From Islamic banks				
Fauji Fertilizer Company Limited		5.6	8,000,000	8,000,000
			<u>22,645,407</u>	<u>26,125,898</u>
Less: Current portion shown under current liabilities				
From conventional banks			5,353,518	6,953,989
From Islamic banks			1,000,000	-
			<u>6,353,518</u>	<u>6,953,989</u>
			<u>16,291,889</u>	<u>19,171,909</u>
5.1 Movement during the period / year is as follows:				
Opening balance			13,244,198	12,962,097
Draw-downs during the period / year			-	4,469,601
Repayments during the period / year			(2,619,782)	(4,187,500)
Closing balance			<u>10,624,416</u>	<u>13,244,198</u>

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

These carry mark-up ranging between 6 month KIBOR + 0.05% to 0.15% per annum and 3 month KIBOR + 0.15% per annum (December 31, 2021: 6 month KIBOR + 0.10% to 0.20% per annum and 3 month KIBOR + 0.15%) and are repayable up to December 2026 (December 31, 2021: December 2026).

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

Un-audited June 30, 2022	Audited December 31, 2021
--------------------------------	---------------------------------

(Rupees '000)

5.2 Movement during the period / year is as follows:

Opening balance	1,540,537	2,900,856
Draw-downs during the period / year	-	-
Repayments during the period / year	(748,778)	(1,360,319)
Closing balance	<u>791,759</u>	<u>1,540,537</u>

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

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

The long term loan contains certain covenants under the Common Terms Agreement (CTA) dated February 11, 2011, including the maintenance of certain financial ratios, the breach of which will render the loan repayable on demand. Further, CTA contains covenants on the distribution of dividend from the project accounts. First Amendment to the PF Facility Agreement ("the Amendment") was signed on November 30, 2017 between the Company and the Financial Institutions. Under the Amendment, the mark-up rate was reduced to six months KIBOR + 1.50% from six months KIBOR + 2.95% with effect from June 30, 2017.

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

5.3 Movement during the period / year is as follows:

Opening balance	1,607,112	118,326
Draw-downs during the period / year	306,701	1,545,756
Repayments during the period / year	(14,459)	(56,970)
Closing balance	<u>1,899,354</u>	<u>1,607,112</u>

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

	Un-audited June 30, 2022	Audited December 31, 2021
	(Rupees '000)	
5.4 Movement during the period / year is as follows:		
Opening balance	907,710	907,710
Draw-downs during the period / year	-	-
Repayments during the period / year	(213,437)	-
	694,273	907,710
Less: Transaction cost -		
Initial transaction cost	(4,480)	(6,595)
Amortized during the period / year	2,391	2,115
	(2,089)	(4,480)
Closing balance	692,184	903,230

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

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

	Un-audited June 30, 2022	Audited December 31, 2021
	(Rupees '000)	
5.5 Movement during the period / year is as follows:		
Opening balance	833,511	833,511
Repayments during the period / year	(194,654)	-
	638,857	833,511
Less: Transaction cost -		
Initial transaction cost	(2,690)	(3,376)
Amortized during the period / year	1,527	686
	(1,163)	(2,690)
	637,694	830,821

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

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

5.6 Movement during the period / year is as follows:

Opening balance	8,000,000	2,000,000
Draw-downs during the period / year	-	6,000,000
Repayments during the period / year	-	-
Closing balance	8,000,000	8,000,000

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

These carry profit rates ranging between 6 month KIBOR + 0.10% per annum (December 31, 2021: 6 month KIBOR + 0.10% to 0.30% per annum) and are repayable up to September 2026. (December 31, 2021: September 2026).

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

6. GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE

Balance at the beginning	59,158,374	56,716,885
Unwinding of remeasurement gain on GIDC liability	1,174,764	2,441,489
	60,333,138	59,158,374
Less: Current portion of GIDC payable	6.1 (45,846,379)	(38,356,404)
Long-term portion of GIDC payable	14,486,759	20,801,970

6.1 This amount is included in trade and other payables.

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

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

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

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

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

	Un-audited June 30, 2022	Audited December 31, 2021
	(Rupees '000)	
7. SHORT TERM BORROWINGS - SECURED		
From conventional banks	43,061,871	35,017,891
From Islamic banks	3,556,921	3,981,579
	46,618,792	38,999,470
8. CONTINGENCIES AND COMMITMENTS		
8.1 Contingencies:		
i) Guarantees issued by banks on behalf of the Group companies	7,179,816	7,384,810
ii) Claims against Group and/or potential exposure not acknowledged as debt	50,696	50,696
iii) Group's share of contingencies in Fauji Fertilizer Bin Qasim Limited	30,362,501	28,453,209
iv) Group's share of contingencies in Fauji Cement Company Limited as at March 31, 2022 (2021: September 30, 2021)	181,575	118,088
v) Group's share of contingencies in Askari Bank Limited as at March 31, 2022 (2021: September 30, 2021)	119,796,620	113,940,242
vi) Penalty of Rs 5,500,000 thousand imposed by the Competition Commission of Pakistan (CCP) in 2013, for alleged unreasonable increase in urea prices, which was set aside by the Competition Appellate Tribunal, in appeal filed by FFC, who also remanded the case back to CCP to decide the case afresh under guidelines provided by the Tribunal. CCP did not challenge this order before the Supreme Court of Pakistan in appeal within the stipulated time, thus making the appeal time barred. However, in prior year, CCP under the said Tribunal guidelines resumed the proceedings. FFC also filed writ petition before Islamabad High Court (IHC) which was dismissed by the IHC during the current period. CCP is yet to resume proceedings at its end, at which point FFC shall join the proceedings through its counsel. FFC remains confident of successfully defending these unreasonable claims.		
	Un-audited June 30, 2022	Audited December 31, 2021
	(Rupees '000)	
8.2 Commitments in respect of:		
i) Capital expenditure	3,378,378	2,755,489
ii) Purchase of fertilizer, stores, spares and other operational items	17,943,121	10,078,035
iii) Investment in Thar Energy Limited	1,107,558	2,283,042
iv) Contracted out services	847,779	335,704
v) Group's share of commitments of Fauji Fertilizer Bin Qasim Limited	52,195,660	1,469,348
vi) Group's share of commitments of Fauji Cement Company Limited as at March 31, 2022 (2021: September 30, 2021)	2,611,570	2,832
vii) Group's share of commitments of Askari Bank Limited as at March 31, 2022 (2021: September 30, 2021)	201,665,350	228,915,759
viii) Group's share of commitments of PMP as at March 31, 2022 (2021: September 30, 2021)	50,198	76,859
ix) Group's share of commitments of TEL as at March 31, 2022 (2021: September 30, 2021)	6,188,949	6,188,949

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

	Note	Un-audited June 30, 2022	Audited December 31, 2021
(Rupees '000)			
9. PROPERTY PLANT AND EQUIPMENT			
Operating fixed assets	9.1	39,190,012	38,014,250
Capital work in progress	9.2	2,288,462	3,072,404
Right of use assets	9.3	9,625,336	9,214,905
		51,103,810	50,301,559
9.1 Operating fixed assets			
Opening written down value		38,014,250	31,573,294
Additions on acquisition of subsidiaries - FWEL - I & FWEL - II		-	7,370,057
Additions during the period / year		3,099,410	2,589,090
Written down value of disposals / adjustments		(7,963)	(5,628)
Transfers / adjustments		-	(42,411)
Depreciation during the period / year		(1,915,685)	(3,463,564)
Impairment charge		-	(6,588)
		39,190,012	38,014,250
9.1.1 Additions in and depreciation on operating fixed assets during the six month period ended June 30, 2021 were Rs 1,167,267 thousand and Rs 1,646,939 thousand respectively.			
		Un-audited June 30, 2022	Audited December 31, 2021
(Rupees '000)			
9.2 Capital work in progress			
Opening value		3,072,404	935,638
Additions during the period / year		1,683,336	3,844,010
Transfers during the period / year		(2,467,278)	(1,707,244)
		2,288,462	3,072,404
9.3 Right of use assets			
Opening value		9,214,905	87,005
Additions on acquisition of subsidiaries - FWEL - I & FWEL - II		-	9,094,940
Additions during the period / year		-	43,589
Exchange loss - net		924,273	224,187
Depreciation during the period / year		(513,842)	(234,816)
		9,625,336	9,214,905
9.4 Depreciation charge has been allocated as follows:			
Cost of sales		2,442,018	3,600,869
Administrative and distribution expenses		(20,440)	86,757
Other expenses		1,035	2,225
Charged to FFBL under the Company Services Agreement		6,914	8,529
		2,429,527	3,698,380

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

	Note	Un-audited June 30, 2022	Audited December 31, 2021
(Rupees '000)			
10. LONG TERM INVESTMENTS			
Equity accounted investments	10.1	71,026,710	65,651,617
Other long term investments	10.2	4,945,745	4,733,478
		75,972,455	70,385,095
10.1 Equity accounted investments			
Investment in associated companies - under equity method			
Fauji Cement Company Limited	10.1.1		
Balance at the beginning		2,441,515	2,160,790
Share of profit for the period / year		183,564	280,725
		2,625,079	2,441,515
Fauji Fertilizer Bin Qasim Limited			
Balance at the beginning		28,503,794	24,051,779
Share of profit for the period / year		2,022,388	4,467,676
Share of OCI for the period / year		(248,359)	(15,661)
		30,277,823	28,503,794
Askari Bank Limited			
Balance at the beginning		26,691,561	24,721,018
Share of profit for the period / year		2,850,930	4,082,856
Share of OCI for the period / year		(1,752,216)	(481,009)
Dividend received		-	(1,631,304)
		27,790,275	26,691,561
Thar Energy Limited			
Balance at the beginning		3,552,457	3,186,377
Investment during the period / year		907,524	-
Advance against issue of shares		338,250	376,707
Share of loss for the period / year		(29,459)	(10,751)
Share of OCI for the period / year		-	124
		4,768,772	3,552,457
Investment in joint venture - under equity method			
Pakistan Maroc Phosphore S.A., Morocco			
Balance at the beginning		4,462,290	3,418,158
Share of profit for the period / year		987,129	1,334,255
Gain on translation of net assets		115,342	228,839
Dividend received		-	(518,962)
		5,564,761	4,462,290
		71,026,710	65,651,617

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

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

Note	Un-audited June 30, 2022	Audited December 31, 2021
(Rupees '000)		
10.2 Other long term investments		
Investment at fair value through other comprehensive income		
Term Deposit Receipts - from conventional bank	106,994	110,197
Term Finance Certificate - from conventional bank	183,455	185,785
Pakistan Investment Bonds	5,809,705	5,564,788
Govt. of Pakistan Ijara Sukuk Bonds	1,120,704	1,125,860
	7,220,858	6,986,630
Less: Current portion shown under short term investments		
Investment at fair value through other comprehensive income		
Term Deposit Receipts - from conventional bank	59,553	40,052
Pakistan Investment Bonds	2,215,560	2,213,100
12	2,275,113	2,253,152
	4,945,745	4,733,478

11. OTHER RECEIVABLES

These include Rs 6,961,878 thousand (2021: Rs 6,961,878 thousand) on account of subsidy receivable and Rs 18,541,087 thousand (2021: Rs 16,688,314 thousand) on account of sales tax receivable from the Government.

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

12. SHORT TERM INVESTMENTS

Amortized cost - conventional instruments

Term deposits with banks and financial institutions

Local currency (net of provision for doubtful recovery of Rs 2,600 thousand)

2,016,000

15,840,692

Foreign currency

3,170,762

2,712,822

5,186,762

18,553,514

Investments at fair value through profit or loss

Conventional investments

88,355,916

76,825,517

Shariah compliant investments

14

223,474

88,355,930

77,048,991

Investments at fair value through other comprehensive income (OCI)

Treasury Bills

-

2,181,306

Current maturity of long term investments

Fair value through other comprehensive income

10

2,275,113

2,253,152

95,817,805

100,036,963

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2022

	Three month period ended		Six month period ended	
	Un-audited June 30, 2022	Un-audited June 30, 2021	Un-audited June 30, 2022	Un-audited June 30, 2021
	(Rupees '000)		(Rupees '000)	
13. TURNOVER - NET				
Fertilizer	28,979,044	22,898,401	55,839,406	44,938,421
Power	5,199,142	1,304,038	6,940,279	1,801,845
Food	721,513	393,920	1,476,842	962,210
Technical Services	10,641	-	12,594	-
	34,910,340	24,596,359	64,269,121	47,702,476
Sales tax	(1,325,735)	(639,509)	(2,112,128)	(1,205,717)
Trade discount	(49,323)	(18,055)	(95,766)	(39,215)
	(1,375,058)	(657,564)	(2,207,894)	(1,244,932)
	33,535,282	23,938,795	62,061,227	46,457,544

14. SEGMENT INFORMATION

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

	Reportable segments				Total
	Fertilizers*	Power	Food	Technical Services	
	(Rupees '000)				
June 30, 2022 (Un-audited)					
Assets					
Segment assets (Total)	179,719,999	48,613,889	5,039,196	23,374	233,396,458
Equity accounted investees	71,026,710	-	-	-	71,026,710
Liabilities					
Segment liabilities (Total)	188,492,274	9,097,005	3,174,417	10,592	200,774,288
Capital expenditure	1,870,826	27,841	416,801	-	2,315,468
Depreciation	1,282,888	992,216	154,318	105	2,429,527
December 31, 2021 (Audited)					
Assets					
Segment assets (Total)	153,456,633	47,217,328	4,195,671	20,009	204,889,641
Equity accounted investees	65,651,617	-	-	-	65,651,617
Liabilities					
Segment liabilities (Total)	158,085,386	10,405,018	2,278,742	8,232	170,777,378
Capital expenditure	4,424,917	64,374	235,812	753	4,725,856
Depreciation	2,387,535	1,011,747	298,971	127	3,698,380

* net of consolidated adjustments / eliminations

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
For the six month period ended June 30, 2022

	June 30, 2022	June 30, 2021
	(Rupees '000)	
15. CASH GENERATED FROM OPERATIONS		
Profit before tax	26,602,342	15,864,987
Adjustments for:		
Unwinding of GIDC liability	1,174,764	1,198,818
Loss allowance on subsidy receivable from GoP	350,000	-
Depreciation	2,422,613	1,651,071
Amortization	2,341	2,618
Amortization of transaction cost	3,918	6,802
Finance cost	2,476,228	950,217
Provision for / (reversal of) slow moving spares	17,197	(5,070)
Gain on disposal of operating fixed assets	(53,981)	(9,677)
Interest and profit on loans, deposits and investments	(630,212)	(373,653)
Amortization of Government grant	(45,537)	(29,607)
Exchange (gain) / loss - net	(429,484)	112,473
Share of (profit) of associated companies and joint venture	(6,014,552)	(3,633,273)
Loss / (gain) on remeasurement of investments at fair value through profit or loss	176,695	(229,694)
	(550,010)	(358,975)
	26,052,332	15,506,012
Changes in:		
Stores and spares	(1,499,669)	(301,303)
Stock in trade	(12,249,181)	(7,611,666)
Trade debts	(2,191,865)	527,643
Loans and advances	(279,285)	(35,345)
Deposits and prepayments	(239,027)	(221,869)
Other receivables	(1,418,498)	(1,589,059)
Trade and other payables	19,646,895	(3,124,864)
	1,769,370	(12,356,463)
Changes in long term loans and advances	(980,188)	(342,101)
Changes in long term deposits and prepayments	1,422	(3,623)
Changes in deferred liabilities	51,453	-
	26,894,389	2,803,825

16. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
For the six month period ended June 30, 2022

	June 30, 2022	June 30, 2021
	(Rupees '000)	
17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES		
Significant transactions and balances with the related parties are as follows:		
HOLDING COMPANY		
Transactions		
Dividend paid	4,711,385	3,893,240
Services received	120,768	129,600
Sale of fertilizer	2,199	-
Others	60	68
Balances		
Balance receivable - unsecured *	12,079	-
Balance payable - unsecured *	60,000	-
ASSOCIATED UNDERTAKINGS / COMPANIES DUE TO COMMON DIRECTORSHIP		
Transactions		
Expenses charged on account of marketing of fertilizer on behalf of associated company	531,335	468,059
Commission on sale of products	11,438	8,992
Payment under consignment account - net	62,366,379	30,201,585
Payments against purchase of gas as feed and fuel stock	16,504,392	15,203,461
Equity investment	907,524	-
Advance against issue of shares	338,250	376,707
Services and materials provided	3,169	17,206
Services and materials received	441	15,695
Donation	311,208	194,000
Interest expense	209,166	57,407
Interest income	18,365	8,432
Dividend income	1,255,538	1,907,603
Balances		
Dividend receivable *	1,255,538	-
Long term investment *	106,994	110,197
Short term investment *	-	11,000,000
Long term borrowing *	480,056	406,911
Short term borrowings *	12,136,606	4,212,743
Bank balance *	118,632	12,019
Running finance *	157,618	215,186
Balance receivable - unsecured *	362,031	360,858
Balance payable - unsecured *	72,609,659	67,052,323

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
For the six month period ended June 30, 2022

	June 30, 2022	June 30, 2021
	(Rupees '000)	
KEY MANAGEMENT PERSONNEL		
Remuneration including benefits and perquisites of chief executive and other executives. No. of persons 2022: 2 and 445 (2021: 1 and 435) respectively.	2,720,497	2,598,228
STAFF RETIREMENT BENEFITS		
Contributions		
Employees' Provident Fund Trust	252,626	244,378
Employees' Gratuity Fund Trust	262,075	229,632
Employees' Pension Fund Trust	148,611	217,967
Employees' Funds as Dividend on equity holding of 0.25% (2021: 0.15%)	26,242	15,640
Balances		
Payable to Gratuity Fund Trust *	628,551	780,237
Payable to Pension Fund Trust *	248,725	323,030

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

18. NON ADJUSTING EVENTS AFTER REPORTING DATE

- 18.1** The Board of Directors of FFC in its meeting held on July 28, 2022 proposed second interim dividend of Rs 2.10 per share. The Board of Directors of FWEL-I and FWEL-II in their meetings held on July 26, 2022 proposed second interim dividend of Rs 0.71 per share and Rs 0.71 per share respectively.

19. GENERAL

- 19.1** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 19.2** The Group has taken appropriate measures to keep its human resource and assets safe and secure. Further, the Group is continuously monitoring the situation to counter act the changed environment. The management believes that there is no significant financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income or expenses, as disclosed in these condensed interim financial statements. The management has evaluated and concluded that there are no material implications of COVID-19 that require specific disclosures in these condensed interim consolidated financial statements.
- 19.3** These condensed interim consolidated financial statements have been authorized for issue by the Board of Directors of FFC on July 28, 2022.


Chairman


Chief Executive Officer


Director


Chief Financial Officer



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