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GROWTH



TABLE OF CONTENT

Company Information	2
Directors' Review	4

CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

Independent Auditors' Review Report to the Members	9
Condensed Interim Statement of Financial Position	10
Condensed Interim Statement of Profit or Loss	12
Condensed Interim Statement of Comprehensive Income	13
Condensed Interim Statement of Changes in Equity	14
Condensed Interim Statement of Cash Flows	15
Notes to and Forming Part of the Condensed Interim Financial Statements	16

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Condensed Interim Consolidated Statement of Financial Position.....	28
Condensed Interim Consolidated Statement of Profit or Loss.....	30
Condensed Interim Consolidated Statement of Comprehensive Income	31
Condensed Interim Consolidated Statement of Changes in Equity	32
Condensed Interim Consolidated Statement of Cash Flows.....	33
Notes to and Forming Part of the Condensed Interim Consolidated Financial Statements.....	34

COMPANY INFORMATION

Board of Directors

Mr. Arif Habib
Chairman

Mr. Fawad Ahmed Mukhtar
Chief Executive Officer

Mr. Fazal Ahmed Sheikh
Director

Mr. Faisal Ahmed Mukhtar
Director

Mr. Muhammad Kashif Habib
Director

Mr. Tariq Jamali
Independent Director

Chief Operating Officer

Mr. Asad Murad

Chief Financial Officer

Mr. Rizwan Qamar

General Counsel and Company Secretary

Mr. Omair Ahmad Mohsin
(communications@fatima-group.com)

Key Management

Mr. M. Abad Khan
Advisor to the CEO

Mr. Khurram Javed Maqbool
Director Sales & Marketing

Ms. Sadia Irfan
Director Human Resources

Mr. Iftikhar Mahmood Baig
Director Business Development

Mr. Ahsen-ud-Din
Director Technology Division

Mr. Ausaf Ali Qureshi
Director Special Projects

Mr. Hassan Altaf
Director Strategy

Mr. Atif Zaidi
Chief Information Officer

Mr. Salman Ahmad
Head of Internal Audit

Mr. Pervez Fateh
G.M. Manufacturing

Mr. Faisal Jamal
Corporate HSE & Technical Support Manager

Legal Advisors

M/s. Chima & Ibrahim Advocates
1-A/245, Tufail Road, Lahore Cantt

Auditors

M/s. Yousuf Adil
Chartered Accountants, Lahore
134-A, Abu Bakar Block,
New Garden Town, Lahore
Tel: +92 42 3591 3595-7, +92 42 3544 0520
Fax: +92 42 3544 0521

Registrar and Share Transfer Agent

CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahra-e-Faisal
Karachi-74400

Tel: Customer Support Services
(Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 3432 6053
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com

Bankers

Allied Bank Limited
Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited
Askari Bank Limited
Habib Metropolitan Bank Limited
Bank Alfalah Limited
MCB Bank Limited
Summit Bank Limited
Bank Al-Habib Limited
Meezan Bank Limited
JS Bank Limited
National Bank of Pakistan
The Bank of Punjab
Citibank N.A
United Bank Limited
Faysal Bank Limited
Soneri Bank Limited
Industrial & Commercial bank of China (ICBC)

Registered Office / Head Office

E-110, Khayaban-e-Jinnah,
Lahore Cantt. Pakistan
UAN: 111-FATIMA (111-328-462)
Fax: +92 42 3662 1389

Plant Sites

Mukhtar Garh, Sadiqabad,
Distt. Rahim Yar Khan, Pakistan
Tel: 068 – 5951000
Fax: 068 – 5951166

Khanewal Road, Multan, Pakistan
Tel: 061 – 90610000
Fax: 061 – 92290021

28-KM Sheikhpura Road,
Chichoki Mallian, Pakistan
Tel: 042 – 37319200 – 99
Fax: 042 – 33719295

DIRECTORS' REVIEW

For the half year ended June 30, 2021

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the brief overview of the Company's performance for the half year ended June 30, 2021. The accompanying financial statements were subject to a limited scope review by the statutory auditors of the Company.

Operational and Financial Performance

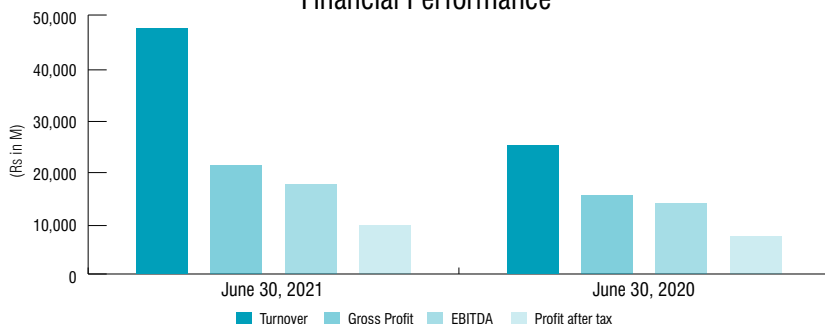
The Company operations continued without any disruption during the new waves of COVID-19 pandemic, and it remain committed to business continuity with upmost priority of maintaining highest standards of people safety and continuous engagement. The Company has been able to achieve its operational and financial targets despite this pandemic. In addition, the Company safely completed its planned Annual Turnaround activity for its Multan plant during March 2021 to ensure reliable and efficient operations. Sadiqabad plant successfully achieved landmark of combined 60 million safe man hours and became the first site in Pakistan to sustain Excellence level in Process Safety Management assessment conducted by DuPont Sustainable Solution.

The operational and financial performance of the Company remained strong during the period. Overall production volumes increased by 48% whereas sales volume increased by 59% as compared to previous period mainly owing to production volumes from Multan plant which was acquired in second half of 2020 and Sheikhpura plant which was non operational in first half of last year. NP, CAN, and Urea sales volume increased by 110%, 106% and 30% respectively.

Products	Volume ('000' M. Tons)			
	Production / Purchase		Sales	
	Jan to Jun 2021	Jan to Jun 2020	Jan to Jun 2021	Jan to Jun 2020
NP	333	248	300	143
CAN	307	229	408	198
Urea	411	232	318	245
DAP	–	32	6	62
Total	1,051	741	1,032	648

The Company posted total Revenue of PKR 47,308 million as compared to PKR 24,833 million in the same period last year. Cost of sales during current period increased mainly due to additional production volumes from Multan and Sheikhpura plants as mentioned above. Owing to above factors, gross profit of the Company for the period under review resulted in PKR 20,927 million as compared to PKR 15,185 million in the same period last year. Further, due to cost effective measures, better working capital management and reduced borrowing costs, profit before tax increased by PKR 4,396 million vs corresponding period. Similarly, profit after tax clocked at PKR 9,315 million with EPS of PKR 4.44 per share as compared to PKR 7,161 million with EPS of PKR 3.41 per share in the same period last year.

Financial Performance



Future Outlook

The demand and prices of fertilizers are expected to remain relatively strong for the remainder of the year. The Company is working relentlessly to further strengthen its association with farmers, to guide them on the modern agriculture methods and the application of value added fertilizers. Owing to strong business dynamics, second half of 2021 looks promising due to availability of healthy volumes with the Company and robust strategies put in place to ensure sustainable growth. We hope necessary fiscal support in the shape of farmer friendly Government policies will continue to achieve its operational and financial targets.

The Board of Directors of the Company in their meeting held on August 26, 2020, accorded in principle approval to transfer its Sheikhpura plant related operations to Fatimafert Limited, a wholly owned subsidiary. Subsequent to the period end, the Scheme of Arrangement was then prepared under the relevant provisions of the Companies Act, 2017 and was approved by the Board on July 15, 2021. This Scheme will be effective from January 01, 2021, subject to receipt of all necessary corporate and regulatory authorization and approvals. Further, the Company on August 17, 2021, has filed a petition in the Lahore High Court for sanction of the Scheme.


The Company, with its strong asset base, financial and liquidity position will continue to explore further opportunities both inside and outside the fertilizer sector. The Board is focused towards offering value addition for the stakeholders and will continue to provide leadership and strategic guidance to the Company.

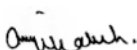
Acknowledgements

The Board places on record its gratitude for the hard work and dedication of every employee of the Company. The Board also appreciates and acknowledges the assistance, guidance and cooperation of all stakeholders including the Government of Pakistan, financial institutions, commercial banks, business associates, customers, and all others whose efforts and contributions strengthened the Company.

For and on behalf of the Board

Lahore
August 27, 2021


Fawad Ahmed Mukhtar
Chief Executive Officer


Arif Habib
Chairman

**CONDENSED INTERIM SEPARATE
FINANCIAL STATEMENTS**
**For the six months ended
June 30, 2021**

INDEPENDENT AUDITORS' REVIEW REPORT

to the Members of Fatima Fertilizer Company Limited

Report on review of Condensed Interim Separate Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Fatima Fertilizer Company Limited ("the Company") as at June 30, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the condensed interim financial statements for the six month period then ended (here in after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these 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 financial statements based on our review. The figures of the condensed interim profit or loss for the three month period ended June 30, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended June 30, 2021.

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 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 review resulting in this independent auditor's review report is Shahzad Ali.

Younis Adil

Chartered Accountants

Lahore

August 27, 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	Un audited June 30, 2021	Audited December 31, 2020
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital 2,700,010,000 (December 31, 2020: 2,700,010,000) shares of Rs 10 each		27,000,100	27,000,100
Issued, subscribed and paid up share capital 2,100,000,000 (December 31, 2020: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserves	4	70,167,448	66,102,656
		91,167,448	87,102,656
NON CURRENT LIABILITIES			
Long term finances	5	2,330,264	3,114,067
Lease liabilities		1,748,819	1,901,472
Deferred liabilities	6	24,107,538	24,115,708
Deferred government grant		30,931	61,440
Long term deposits		117,949	110,370
		28,335,501	29,303,057
CURRENT LIABILITIES			
Trade and other payables		29,415,518	22,871,117
Accrued finance cost		499,993	450,579
Income tax payable		1,632,038	–
Short term finances - secured	7	13,172,998	11,443,557
Unpaid dividend		3,099,507	–
Unclaimed dividend		37,217	40,853
Current portion of:			
- Long term finances	5	3,856,585	5,803,222
- Lease liabilities		168,493	480,323
- Deferred government grant		61,526	61,526
		51,943,875	41,151,177
CONTINGENCIES & COMMITMENTS			
	8		
		171,446,824	157,556,890

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim financial statements.

		Un audited June 30, 2021	Audited December 31, 2020
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9	105,223,742	104,937,733
Intangible assets	10	5,976,447	5,991,019
Investment property	11	755,736	756,189
		111,955,925	111,684,941
Long term investments		819,598	201,641
Long term loan to an associated company		2,499,167	2,999,000
Long term deposits		110,183	113,679
		3,428,948	3,314,320
		115,384,873	114,999,261
CURRENT ASSETS			
Stores and spares	12	10,394,863	8,273,834
Stock in trade	13	15,447,805	13,530,945
Trade debts	14	9,743,417	4,450,476
Short term loans		6,999,723	3,241,723
Advances, deposits, prepayments and other receivables		10,613,808	8,675,690
Advance income tax		-	1,305,337
Short term investments		2,492,088	2,523,862
Cash and bank balances		370,247	555,762
		56,061,951	42,557,629
		171,446,824	157,556,890



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN AUDITED)

For the six months ended June 30, 2021

Note	Three months ended		Six months ended		
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	
	(Rupees in thousand)				
Sales	15	25,704,410	10,399,768	47,307,977	24,832,728
Cost of sales	16	(14,042,016)	(1,795,610)	(26,381,029)	(9,647,514)
Gross profit		11,662,394	8,604,158	20,926,948	15,185,214
Distribution cost		(1,059,586)	(642,733)	(2,614,300)	(1,570,780)
Administrative expenses		(962,963)	(800,141)	(1,819,707)	(1,554,061)
		9,639,845	7,161,284	16,492,941	12,060,373
Finance cost	17	(668,061)	(936,921)	(1,210,609)	(2,185,419)
Other operating expenses		(699,554)	(527,586)	(1,198,178)	(859,702)
Other income		402,304	827,090	500,798	1,028,455
Share of profit from an associate		11,022	7,183	17,757	13,030
Other gain / (loss):					
- Unwinding of provision for GIDC		(194,962)	-	(194,962)	-
- Reversal of loss allowance on subsidy receivable from GoP		45,030	-	45,030	-
		(149,932)	-	(149,932)	-
Profit before tax		8,535,624	6,531,050	14,452,777	10,056,737
Taxation		(2,993,722)	(1,829,348)	(5,137,985)	(2,895,784)
Profit for the period		5,541,902	4,701,702	9,314,792	7,160,953
Earnings per share					
- basic and diluted (Rupees)	18	2.64	2.24	4.44	3.41

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)

For the six months ended June 30, 2021

	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Rupees in thousand)			
Profit for the period	5,541,902	4,701,702	9,314,792	7,160,953
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Surplus on remeasurement of investment classified as fair value through other comprehensive income (FVTOCI)	-	2,913	-	2,913
Related tax thereon	-	(845)	-	(845)
Other comprehensive income - net of tax	-	2,068	-	2,068
Total comprehensive income for the period	5,541,902	4,703,770	9,314,792	7,163,021

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN AUDITED)

For the six months ended June 30, 2021

	Ordinary share capital	Capital Reserve	Revenue Reserve	Post retirement benefit obligation reserve	Surplus / (deficit) on remeasurement of investment - FVTOCI	Total
	Share premium	Unappropriated profit				
(Rupees in thousand)						
Balance at December 31, 2019 (Audited)	21,000,000	1,790,000	55,299,651	(76,300)	(5,053)	78,008,298
Profit for the period	-	-	7,160,953	-	-	7,160,953
Other comprehensive income	-	-	-	-	2,068	2,068
Total comprehensive income	-	-	7,160,953	-	2,068	7,163,021
Transactions with owners:						
- Final dividend for the year ended December 31, 2019 @ Rs 2.00 per share	-	-	(4,200,000)	-	-	(4,200,000)
Balance at June 30, 2020 (Un audited)	21,000,000	1,790,000	58,260,604	(76,300)	(2,985)	80,971,319
Balance at December 31, 2020 (Audited)	21,000,000	1,790,000	64,374,342	(61,686)	-	87,102,656
Profit for the period	-	-	9,314,792	-	-	9,314,792
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	9,314,792	-	-	9,314,792
Transactions with owners:						
- Final dividend for the year ended December 31, 2020 @ Rs 2.50 per share	-	-	(5,250,000)	-	-	(5,250,000)
Balance at June 30, 2021 (Un audited)	21,000,000	1,790,000	68,439,134	(61,686)	-	91,167,448

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN AUDITED)

For the six months ended June 30, 2021

	Note	Six months ended	
		June 30, 2021	June 30, 2020
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	20	11,227,525	15,602,383
Net increase in long term deposits		7,579	2,766
Finance cost paid		(1,059,568)	(2,265,994)
Taxes paid		(1,824,460)	(2,531,210)
Employee retirement benefits paid		(142,477)	(52,319)
Net cash generated from operating activities		8,208,599	10,755,626
Cash flows from investing activities			
Additions in property, plant and equipment		(1,886,766)	(1,968,534)
Additions in investment property		–	(39,499)
Additions in intangible assets		(5,880)	(17,687)
Short term loans made		(3,758,000)	–
Short term investments made		(534,257)	(1,180,434)
Proceeds from disposal of property, plant and equipment		1,482	187
Proceeds from short term investments		534,232	240,225
Long term investments made		(600,200)	–
Profit received on loans and saving accounts		1,464,651	179,109
Dividend income received		133,313	19,629
Net decrease / (increase) in long term deposits		3,496	(6,274)
Net cash used in investing activities		(4,647,929)	(2,773,278)
Cash flows from financing activities			
Proceeds from long term finances		222,659	731,384
Repayment of long term finances		(2,999,675)	(2,569,327)
Repayment of lease liabilities		(544,481)	(161,328)
Dividend paid		(2,154,129)	(155,717)
Net increase / (decrease) in short term finances		1,729,441	(5,082,749)
Net cash used in financing activities		(3,746,185)	(7,237,737)
Net (decrease) / increase in cash and cash equivalents		(185,515)	744,611
Cash and cash equivalents at the beginning of the period		555,762	514,739
Cash and cash equivalents at the end of the period		370,247	1,259,350

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the six months ended June 30, 2021

1 Legal status and nature of business

1.1 Fatima Fertilizer Company Limited ('the Company'), was incorporated in Pakistan on December 24, 2003 as a public company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is listed on Pakistan Stock Exchange.

The principal activity of the Company is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. Registered office of the Company is situated at E-110, Khayaban-e-Jinnah, Lahore Cantt. The manufacturing facilities of the Company are located at Mukhtargarh-Sadiqabad, Khanewal Road-Multan and at 28-km Sheikhpura Road-Chichoki Mallian, Pakistan.

1.2 These financial statements are the separate financial statements of the Company in which investment in subsidiary company is accounted for on the basis of actual cost incurred to acquire subsidiary and investment in associates are accounted for under equity method. Consolidated financial statements are prepared separately.

2 Basis of preparation

2.1 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 These condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended December 31, 2020 and comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are stated from un audited condensed interim financial statements for the six months ended June 30, 2020.

2.3 These condensed interim financial statements are un audited. However, a limited scope review has been performed by statutory auditor of the Company in accordance with Section 237 of Companies Act, 2017 and they have issued their review report thereon.

2.4 These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3 Significant accounting policies and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of annual financial statements of the Company for the year ended December 31, 2020.

	Note	Un audited June 30, 2021	Audited December 31, 2020
(Rupees in thousand)			
4 Reserves			
Capital reserve:			
Share premium		1,790,000	1,790,000
Revenue reserve:			
Unappropriated profit		68,439,134	64,374,342
Post retirement benefit obligation reserve		(61,686)	(61,686)
		70,167,448	66,102,656
5 Long term finances			
Rated, listed and secured Ijarah Sukuk certificates		1,050,000	2,100,000
Secured loans from banking companies / financial institutions		5,136,849	6,817,289
		6,186,849	8,917,289
Less: Current portion		3,856,585	5,803,222
		2,330,264	3,114,067
5.1 Movement of long term finances			
Opening balance		8,917,289	12,478,721
Disbursements during the period / year		222,659	1,462,438
Repayments during the period / year		(2,999,675)	(4,966,641)
Classified as deferred government grant		-	(150,433)
Accreditation of loan under SBP Islamic Refinance Scheme		49,888	44,521
Exchange (gain) / loss on translation of foreign currency loan		(3,312)	48,683
Closing balance		6,186,849	8,917,289
6 Deferred liabilities			
Deferred taxation		19,917,811	19,541,661
Employee retirement benefits	6.1	882,353	986,830
Provision for Gas Infrastructure Development Cess (GIDC)		3,307,374	3,587,217
		24,107,538	24,115,708
6.1 Employee retirement benefits			
Gratuity		727,377	681,870
Accumulating compensated absences		154,976	304,960
		882,353	986,830

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the six months ended June 30, 2021

7 Short term finances - secured

The Company has obtained short term financing facilities from various banks for working capital requirements in the nature of Running Finance, Cash Finance and Finance against Imported Merchandise.

The facilities are secured by Pari Passu charge on present and future current assets of the Company, pledge of raw materials and finished goods and personal guarantees of sponsoring directors.

These facilities carry mark up ranging from 7.61% to 8.95% (December 31, 2020: 7.13% to 15.16%) per annum for Running Finance and Cash Finance and 7.74% to 8.35% (December 31, 2020: 7.76% to 14.56%) per annum for Finance against Imported Merchandise.

8 Contingencies and commitments

8.1 Contingencies

As at June 30, 2021, there is no material change in the status of contingencies as reported in the notes to the financial statements of the Company for the year ended December 31, 2020, except for the following:

- (i) The Company has preferred an appeal with the Commissioner Inland Revenues (Appeals) against the order passed by the Additional Commissioner Inland Revenues (Audit), Multan under section 122(5A) of Income Tax Ordinance, 2001 for Tax year 2018, raising an alleged demand of Rs 930 million by disallowing and adding back various admissible deductions of the Company towards its taxable income.
- (ii) Corporate guarantees have been issued by different banks on behalf of the Company amounting to Rs 1,846 million (December 31, 2020: nil).

	Note	Un audited June 30, 2021	Audited December 31, 2020
(Rupees in thousand)			
8.2 Commitments in respect of :			
(i) Contracts for capital expenditure		4,490,672	840,709
(ii) Contracts for other than capital expenditure		2,787,133	374,600
(iii) The amount of future payments under ijarah rentals and short term / low value leases:			
Not later than one year		449,896	247,331
Later than one year but not later than five years		393,996	303,398
		843,892	550,729
9 Property, plant and equipment			
Operating fixed assets	9.1	101,117,920	100,724,565
Capital work in progress	9.2	4,105,822	4,213,168
		105,223,742	104,937,733

	Note	Un audited June 30, 2021	Audited December 31, 2020
(Rupees in thousand)			
9.1 Movement of operating fixed assets			
Opening book value		100,724,565	87,108,526
Additions during the period / year	9.1.1	1,994,112	16,842,054
		102,718,677	103,950,580
Less: Depreciation charged during the period / year		1,598,359	2,932,670
Book value of disposals during the period / year	9.1.2	2,398	293,345
Closing book value		101,117,920	100,724,565

9.1.1 Additions during the period / year

Freehold land		18,659	67,501
Building on freehold land		169,519	47,720
Plant and machinery		1,540,055	14,487,185
Catalysts		17,136	132,062
Furniture and fixtures		13,312	7,079
Office equipment		26,229	4,265
Electric installations and appliances		51,063	112,062
Computers		43,950	123,474
Vehicles		114,189	72,480
Right of use assets		–	1,788,226
		1,994,112	16,842,054

9.1.2 This includes disposal of right of use asset amounting to Rs 2.25 million on termination of lease contract.

	Un audited June 30, 2021	Audited December 31, 2020
(Rupees in thousand)		
9.2 Capital work in progress		
Civil works	296,930	369,297
Plant and machinery	940,076	1,605,107
Capital stores	2,452,771	1,662,334
Advances:		
- Civil works	45,570	17,887
- Plant and machinery	370,475	558,543
	416,045	576,430
	4,105,822	4,213,168

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the six months ended June 30, 2021

	Un audited June 30, 2021	Audited December 31, 2020
(Rupees in thousand)		
9.2.1 Movement of capital work in progress		
Opening balance	4,213,168	13,612,134
Additions during the period / year	1,381,224	1,457,760
	5,594,392	15,069,894
Less: Capitalization during the period / year (Reversal of) / provision charged for obsolescence of capital stores	1,491,297	10,850,929
	(2,727)	5,797
Closing balance	4,105,822	4,213,168
10 Intangible assets		
Opening book value	5,991,019	5,973,548
Additions during the period / year	5,880	51,911
	5,996,899	6,025,459
Less: Amortization charged during the period / year	20,452	34,440
Closing book value	5,976,447	5,991,019
11 Investment property		
Opening book value	756,189	627,573
Additions during the period / year	-	129,521
	756,189	757,094
Less: Depreciation charged during the period / year	453	905
Closing book value	755,736	756,189
12 Stores and spares		
Stores	460,601	354,267
Spares	6,364,898	5,243,101
Catalyst and chemicals	3,628,453	2,709,713
	10,453,952	8,307,081
Less: Provision for slow moving stores and spares	59,089	33,247
	10,394,863	8,273,834

Un audited
June 30, 2021

Audited
December 31, 2020

(Rupees in thousand)

13 Stock in trade

Raw materials {including in transit Rs 1,608.49 million (December 31, 2020: Rs 1,412.14 million)}	4,910,900	2,634,574
Packing materials	24,688	123,572
Mid products		
Ammonia	52,005	290,865
Nitric acid	13,035	19,489
Others	371	699
	65,411	311,053
Finished goods		
- Own manufactured		
Urea	2,335,852	805,240
NP	6,958,271	5,906,647
CAN	182,242	1,639,528
Certified emission reductions	32,349	21,785
	9,508,714	8,373,200
- Purchased for resale	938,092	2,088,546
	15,447,805	13,530,945

14 Trade debts

These include receivables from related party amounting to Rs 3,989.09 million on account of toll manufacturing.

Three months ended		Six months ended	
June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
(Rupees in thousand)			

15 Sales

Revenue from contracts with customers				
Local sales:				
Own manufactured	19,736,547	7,456,612	40,689,600	21,100,684
Purchased for resale	203,721	3,010,379	1,371,117	4,058,518
Mid products	289,842	167,652	595,641	370,960
Export sales:				
Certified emission reductions	-	150,487	-	150,487
Toll manufacturing	6,405,228	-	6,405,228	-
	26,635,338	10,785,130	49,061,586	25,680,649
Less: Sales tax	563,941	238,177	1,041,481	559,635
Discounts	366,987	147,185	712,128	288,286
	25,704,410	10,399,768	47,307,977	24,832,728

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the six months ended June 30, 2021

Note	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Rupees in thousand)			
16 Cost of sales				
Raw material consumed	7,508,425	3,052,744	13,765,110	5,648,878
Packing material consumed	704,026	272,849	1,231,648	512,338
Salaries, wages and other benefits	1,519,990	860,233	2,855,046	1,655,401
Fuel and power	1,802,693	1,054,957	3,355,629	2,009,241
Chemicals and catalyst consumed	577,396	208,170	1,013,401	374,996
Stores and spares consumed	614,716	246,127	1,263,280	711,808
Technical assistance	206,900	46,592	221,225	56,691
Repair and maintenance	1,518,590	512,922	1,730,455	677,606
Insurance	213,020	131,936	413,403	270,306
Travelling and conveyance	32,982	27,909	65,891	61,046
Rent, rates and taxes	65,413	31,547	132,876	54,490
Vehicle running and maintenance	28,502	15,777	58,436	36,546
Depreciation	729,883	618,041	1,481,236	1,232,426
Others	2,763	18,408	44,335	37,015
Subsidy on RLNG released by GoP to SNGPL	16.1 (1,532,564)	(5,320,625)	(1,532,564)	(5,320,625)
Manufacturing cost	13,992,735	1,777,587	26,099,407	8,018,163
Opening stock of mid products	261,692	150,830	311,053	203,837
Closing stock of mid products	(65,411)	(110,003)	(65,411)	(110,003)
Cost of goods manufactured	14,189,016	1,818,414	26,345,049	8,111,997
Opening stock of finished goods	9,150,053	2,227,497	8,373,200	2,851,480
Closing stock of finished goods	(9,508,714)	(4,867,499)	(9,508,714)	(4,867,499)
Cost of sales - own manufactured	13,830,355	(821,588)	25,209,535	6,095,978
Cost of sales - purchased for resale	211,661	2,617,198	1,171,494	3,551,536
	14,042,016	1,795,610	26,381,029	9,647,514

16.1 This consists of subsidy released by Government of Pakistan (GoP) to SNGPL, as the difference between full RLNG price billed to the Company (Sheikhupura Plant) by SNGPL in year 2020 and the Gas price capped by GoP for fertilizer plants operating on RLNG.

	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Rupees in thousand)			
17 Finance cost				
Markup on:				
- long term finances	183,547	355,647	392,251	781,036
- short term finances	290,924	425,786	473,586	996,432
Interest on lease liabilities	39,806	89,344	82,249	106,227
Bank charges and others	153,784	66,144	262,523	301,724
	668,061	936,921	1,210,609	2,185,419

	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
(Rupees in thousand)				
18 Earnings per share - basic and diluted				
Profit attributable to ordinary shareholders	5,541,902	4,701,702	9,314,792	7,160,953
(Number of shares)				
Weighted average number of shares	2,100,000,000	2,100,000,000	2,100,000,000	2,100,000,000
Basic and diluted earnings per share (Rupees)	2.64	2.24	4.44	3.41

19 Transactions with related parties

The related parties comprise the associated undertakings, directors and other key management personnel of the Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties have been disclosed in the relevant notes to the financial statements. Significant transactions with related parties are as follows:

	Nature of transaction	Six months ended	
		June 30, 2021	June 30, 2020
(Rupees in thousand)			
Relationship with the Company	Nature of transaction		
Associated companies	Purchase of packing material	1,292,594	614,104
	Purchase of raw material	2,232,550	2,574,673
	Purchase of catalysts	70,648	722,147
	Purchase of stores and spares	309,302	334,488
	Purchase of finished goods	-	2,567,021
	Sale of mid products	51,621	76,150
	Lease rental and license fee	72,000	-
	Payment against sales collection	4,931,253	-
	Toll manufacturing revenue	6,405,228	-
	Fee for services	1,650,805	364,236
	Miscellaneous expenses	41,496	11,180
	Short term loan	3,758,000	-
	Markup income	335,233	853,502
	Markup expense	99,452	-
Directors and key management personnel	Remuneration including benefits and perquisites	204,874	134,181
Retirement benefit plans	Retirement benefit expense	99,394	149,991

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the six months ended June 30, 2021

	Six months ended	
	June 30, 2021	June 30, 2020
(Rupees in thousand)		
20 Cash generated from operations		
Profit before tax	14,452,777	10,056,737
Adjustments for :		
Depreciation on property, plant and equipment	1,598,359	1,335,991
Depreciation on investment property	453	451
Amortization of intangible assets	20,452	15,003
Finance cost	1,210,609	2,185,419
Provision for staff retirement benefits	38,000	100,484
Provision for slow moving stores, spares and loose tools	23,116	17,770
Exchange (gain) / loss on translation of foreign currency loan	(3,312)	69,771
Profit on short term loans to associated companies	(335,494)	(853,515)
Loss on remeasurement of investment - through profit or loss	31,799	-
Reversal of loss allowance on subsidy receivable from GoP	(45,030)	-
Unwinding of provision for GIDC	194,962	-
Dividend income	(133,313)	(19,629)
Share of profit from associated company	(17,757)	(13,030)
Profit on saving accounts	(9,457)	(30,026)
Gain on disposal of property, plant and equipment	(1,334)	(122)
	2,572,053	2,808,567
Operating cash flows before working capital changes	17,024,830	12,865,304
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stores and spares	(2,144,145)	(151,756)
Stock in trade	(1,916,860)	(1,302,529)
Trade debts	(5,292,941)	4,906,379
Loans, advances, deposits, prepayments and other receivables	(2,512,955)	2,718,811
Net increase / (decrease) in creditors, accrued and other liabilities	6,069,596	(3,433,826)
	(5,797,305)	2,737,079
	11,227,525	15,602,383

21 Financial instruments

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

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

The following table presents the Company's financial assets which are carried at fair value:

	June 30, 2021 (Un audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - through profit or loss	2,492,088	–	–	2,492,088
Investment - FVTOCI	–	–	–	–
Total assets at fair value	2,492,088	–	–	2,492,088
	December 31, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - through profit or loss	2,324,222	–	–	2,324,222
Investment - FVTOCI	199,640	–	–	199,640
Total assets at fair value	2,523,862	–	–	2,523,862

21.1 There were no transfers between levels during the period / year. The carrying value of all other financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values.

22 COVID-19 impact assessment

World Health Organization declared the novel strain of corona virus (COVID-19) a global pandemic on March 11, 2020 and recommended containment and mitigation measures worldwide. During the six months period of 2021, due to effective vaccinations and other measures taken to contain the further spread of the virus, including lock downs, travel bans, quarantines, social distancing, and closures of nonessential services, the spread was slowed down and it helped in reviving the overall economic activities.

Manufacturing, transportation, distribution and selling of seeds, fertilizers and pesticides, being essential commodities, was permitted by the Government throughout the lockdown period and consequently, operations of the Company have continued uninterrupted during the pandemic. The management considers presently that this pandemic does not have any material adverse impact on the amounts being reported in the Company's condensed interim financial statements for the six months ended June 30, 2021 and going forward, the management will continue to monitor the potential impact and take all steps possible to mitigate any effects.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN AUDITED)

For the six months ended June 30, 2021

23 Events after reporting date

The Board of Directors of the Company in their meeting held on August 26, 2020 accorded in principle approval to transfer its Sheikhpura plant related operations to Fatimafert Limited, a wholly owned subsidiary. The Scheme of Arrangement was prepared under the relevant provisions of the Companies Act, 2017 and then approved by the Board on July 15, 2021. This Scheme will be effective from January 01, 2021, subject to receipt of all necessary corporate and regulatory authorization and approvals.

Further, the Company on August 17, 2021 has filed a petition in the Lahore High Court for sanction of the Scheme. As per the Scheme, the net assets amounting to Rs 7,063 million as mentioned below will be transferred to Fatimafert Limited from the effective date against the issuance of 200 million fully paid ordinary shares of Rs 10 each plus share premium / demerger reserve to the Company for the balance over and above the paid up capital of Rs 2,000 million.

	Carrying value as at January 01, 2021 (Rupees in million)
Description	
Property, plant and equipment	12,938
Stores, spares, chemicals and catalysts	1,172
Subsidy receivable from GoP	207
Deferred liabilities	(3,360)
Trade and other payables	(3,894)
Net assets	7,063

24 Date of authorization of issue

These financial statements have been authorized for issue on August 27, 2021 by the Board of Directors of the Company.

25 General

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



Chief Executive Officer



Director



Chief Financial Officer

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS**
For the six months ended
June 30, 2021

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	Un audited June 30, 2021	Audited December 31, 2020
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital 2,700,010,000 (December 31, 2020: 2,700,010,000) shares of Rs 10 each		27,000,100	27,000,100
Issued, subscribed and paid up share capital 2,100,000,000 (December 31, 2020: 2,100,000,000) ordinary shares of Rs 10 each		21,000,000	21,000,000
Reserves	4	70,167,360	66,102,656
		91,167,360	87,102,656
NON CURRENT LIABILITIES			
Long term finances	5	2,330,264	3,114,067
Lease liabilities		1,748,819	1,901,472
Deferred liabilities	6	24,107,538	24,115,708
Deferred government grant		30,931	61,440
Long term deposits		117,949	110,370
		28,335,501	29,303,057
CURRENT LIABILITIES			
Trade and other payables		29,415,518	22,871,117
Accrued finance cost		499,993	450,579
Income tax payable		1,632,038	–
Short term finances - secured	7	13,172,998	11,443,557
Unpaid dividend		3,099,507	–
Unclaimed dividend		37,217	40,853
Current portion of:			
- Long term finances	5	3,856,585	5,803,222
- Lease liabilities		168,493	480,323
- Deferred government grant		61,526	61,526
		51,943,875	41,151,177
CONTINGENCIES & COMMITMENTS			
	8		
		171,446,736	157,556,890

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.

		Un audited June 30, 2021	Audited December 31, 2020
	Note	(Rupees in thousand)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9	105,223,742	104,937,733
Intangible assets	10	5,976,447	5,991,019
Investment property	11	755,736	756,189
		111,955,925	111,684,941
Long term investments		819,398	201,641
Long term loan to an associated company		2,499,167	2,999,000
Long term deposits		110,183	113,679
		3,428,748	3,314,320
		115,384,673	114,999,261
CURRENT ASSETS			
Stores and spares	12	10,394,863	8,273,834
Stock in trade	13	15,447,805	13,530,945
Trade debts	14	9,743,417	4,450,476
Short term loans		6,999,723	3,241,723
Advances, deposits, prepayments and other receivables		10,613,720	8,675,690
Advance income tax		–	1,305,337
Short term investments		2,492,088	2,523,862
Cash and bank balances		370,447	555,762
		56,062,063	42,557,629
		171,446,736	157,556,890



Chief Executive Officer



Director



Chief Financial Officer

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

For the six months ended June 30, 2021

Note	Three months ended		Six months ended		
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	
	(Rupees in thousand)				
Sales	15	25,704,410	10,399,768	47,307,977	24,832,728
Cost of sales	16	(14,042,016)	(1,795,610)	(26,381,029)	(9,647,514)
Gross profit		11,662,394	8,604,158	20,926,948	15,185,214
Distribution cost		(1,059,586)	(642,733)	(2,614,300)	(1,570,780)
Administrative expenses		(963,051)	(800,141)	(1,819,795)	(1,554,061)
		9,639,757	7,161,284	16,492,853	12,060,373
Finance cost	17	(668,061)	(936,921)	(1,210,609)	(2,185,419)
Other operating expenses		(699,554)	(527,586)	(1,198,178)	(859,702)
Other income		402,304	827,090	500,798	1,028,455
Share of profit from an associate		11,022	7,183	17,757	13,030
Other gain / (loss):					
- Unwinding of provision for GIDC		(194,962)	-	(194,962)	-
- Reversal of loss allowance on subsidy receivable from GoP		45,030	-	45,030	-
		(149,932)	-	(149,932)	-
Profit before tax		8,535,536	6,531,050	14,452,689	10,056,737
Taxation		(2,993,722)	(1,829,348)	(5,137,985)	(2,895,784)
Profit for the period		5,541,814	4,701,702	9,314,704	7,160,953
Earnings per share					
- basic and diluted (Rupees)	18	2.64	2.24	4.44	3.41

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN AUDITED)

For the six months ended June 30, 2021

	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Rupees in thousand)			
Profit for the period	5,541,814	4,701,702	9,314,704	7,160,953
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
Surplus on remeasurement of investment classified as fair value through other comprehensive income (FVTOCI)	-	2,913	-	2,913
Related tax thereon	-	(845)	-	(845)
Other comprehensive income - net of tax	-	2,068	-	2,068
Total comprehensive income for the period	5,541,814	4,703,770	9,314,704	7,163,021

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

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

For the six months ended June 30, 2021

	Ordinary share capital	Capital Reserve	Revenue Reserve	Post retirement benefit obligation reserve	Surplus / (deficit) on remeasurement of investment - FVTOCI	Total
	Share premium	Unappropriated profit				
(Rupees in thousand)						
Balance at December 31, 2019 (Audited)	21,000,000	1,790,000	55,299,651	(76,300)	(5,053)	78,008,298
Profit for the period	-	-	7,160,953	-	-	7,160,953
Other comprehensive income	-	-	-	-	2,068	2,068
Total comprehensive income	-	-	7,160,953	-	2,068	7,163,021
Transactions with owners:						
- Final dividend for the year ended December 31, 2019 @ Rs 2.00 per share	-	-	(4,200,000)	-	-	(4,200,000)
Balance at June 30, 2020 (Un audited)	21,000,000	1,790,000	58,260,604	(76,300)	(2,985)	80,971,319
Balance at December 31, 2020 (Audited)	21,000,000	1,790,000	64,374,342	(61,686)	-	87,102,656
Profit for the period	-	-	9,314,704	-	-	9,314,704
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	9,314,704	-	-	9,314,704
Transactions with owners:						
- Final dividend for the year ended December 31, 2020 @ Rs 2.50 per share	-	-	(5,250,000)	-	-	(5,250,000)
Balance at June 30, 2021 (Un audited)	21,000,000	1,790,000	68,439,046	(61,686)	-	91,167,360

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN AUDITED)

For the six months ended June 30, 2021

	Note	Six months ended	
		June 30, 2021	June 30, 2020
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	20	11,227,525	15,602,383
Net increase in long term deposits		7,579	2,766
Finance cost paid		(1,059,568)	(2,265,994)
Taxes paid		(1,824,460)	(2,531,210)
Employee retirement benefits paid		(142,477)	(52,319)
Net cash generated from operating activities		8,208,599	10,755,626
Cash flows from investing activities			
Additions in property, plant and equipment		(1,886,766)	(1,968,534)
Additions in investment property		–	(39,499)
Additions in intangible assets		(5,880)	(17,687)
Short term loans made		(3,758,000)	–
Short term investments made		(534,257)	(1,180,434)
Proceeds from disposal of property, plant and equipment		1,482	187
Proceeds from short term investments		534,232	240,225
Long term investment made		(600,000)	–
Profit received on loans and saving accounts		1,464,651	179,109
Dividend income received		133,313	19,629
Net decrease / (increase) in long term deposits		3,496	(6,274)
Net cash used in investing activities		(4,647,729)	(2,773,278)
Cash flows from financing activities			
Proceeds from long term finances		222,659	731,384
Repayment of long term finances		(2,999,675)	(2,569,327)
Repayment of lease liabilities		(544,481)	(161,328)
Dividend paid		(2,154,129)	(155,717)
Net increase / (decrease) in short term finances		1,729,441	(5,082,749)
Net cash used in financing activities		(3,746,185)	(7,237,737)
Net (decrease) / increase in cash and cash equivalents		(185,315)	744,611
Cash and cash equivalents at the beginning of the period		555,762	514,739
Cash and cash equivalents at the end of the period		370,447	1,259,350

The annexed explanatory notes from 1 to 25 form an integral part of these condensed interim consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN AUDITED)

For the six months ended June 30, 2021

1 Legal status and nature of business

- 1.1 Fatima Fertilizer Company Limited (the Holding Company) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and it is listed on Pakistan Stock Exchange. Fatimafert Limited (FFT) is wholly owned subsidiary of the Holding Company and it was incorporated in Pakistan under the Companies Act, 2017. Collectively, both would be referred to as 'the Group' in these condensed interim consolidated financial statements.

The principal activity of the Group is manufacturing, producing, buying, selling, importing and exporting fertilizers and chemicals. Registered offices of the Holding and Subsidiary companies are situated at E-110, Khayaban-e-Jinnah, Lahore Cantt. The manufacturing facilities of the Holding Company are located at Mukhtargarh-Sadiqabad, Khanewal Road-Multan and at 28-km Sheikhpura Road-Chichoki Mallian, Pakistan.

2 Basis of preparation

- 2.1 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.

- 2.2 These condensed interim consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements of the Holding Company for the year ended December 31, 2020. Comparative condensed interim statement of financial position is extracted from annual audited financial statements for the year ended December 31, 2020 and comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are stated from un audited condensed interim financial statements for the six months ended June 30, 2020.
- 2.3 These condensed interim consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

3 Significant accounting policies and estimates

The accounting policies, related judgments, estimates and related assumptions adopted for the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of annual financial statements of the Holding Company for the year ended December 31, 2020.

	Note	Un audited June 30, 2021	Audited December 31, 2020
(Rupees in thousand)			
4 Reserves			
Capital reserve:			
Share premium		1,790,000	1,790,000
Revenue reserve:			
Unappropriated profit		68,439,046	64,374,342
Post retirement benefit obligation reserve		(61,686)	(61,686)
		70,167,360	66,102,656
5 Long term finances			
Rated, listed and secured Ijarah Sukuk certificates		1,050,000	2,100,000
Secured loans from banking companies / financial institutions		5,136,849	6,817,289
		6,186,849	8,917,289
Less: Current portion		3,856,585	5,803,222
		2,330,264	3,114,067
5.1 Movement of long term finances			
Opening balance		8,917,289	12,478,721
Disbursements during the period / year		222,659	1,462,438
Repayments during the period / year		(2,999,675)	(4,966,641)
Classified as deferred government grant		-	(150,433)
Accreditation of loan under SBP Islamic Refinance Scheme		49,888	44,521
Exchange (gain) / loss on translation of foreign currency loan		(3,312)	48,683
Closing balance		6,186,849	8,917,289
6 Deferred liabilities			
Deferred taxation		19,917,811	19,541,661
Employee retirement benefits	6.1	882,353	986,830
Provision for Gas Infrastructure Development Cess (GIDC)		3,307,374	3,587,217
		24,107,538	24,115,708
6.1 Employee retirement benefits			
Gratuity		727,377	681,870
Accumulating compensated absences		154,976	304,960
		882,353	986,830

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN AUDITED)

For the six months ended June 30, 2021

7 Short term finances - secured

The Group has obtained short term financing facilities from various banks for working capital requirements in the nature of Running Finance, Cash Finance and Finance against Imported Merchandise.

The facilities are secured by Pari Passu charge on present and future current assets of the Group, pledge of raw materials and finished goods and personal guarantees of sponsoring directors.

These facilities carry mark up ranging from 7.61% to 8.95% (December 31, 2020: 7.13% to 15.16%) per annum for Running Finance and Cash Finance and 7.74% to 8.35% (December 31, 2020: 7.76% to 14.56%) per annum for Finance against Imported Merchandise.

8 Contingencies and commitments

8.1 Contingencies

As at June 30, 2021, there is no material change in the status of contingencies as reported in the notes to the financial statements of the Holding Company for the year ended December 31, 2020, except for the following:

- (i) The Holding Company has preferred an appeal with the Commissioner Inland Revenues (Appeals) against the order passed by the Additional Commissioner Inland Revenues (Audit), Multan under section 122(5A) of Income Tax Ordinance, 2001 for Tax year 2018, raising an alleged demand of Rs 930 million by disallowing and adding back various admissible deductions of the Company towards its taxable income.
- (ii) Corporate guarantees have been issued by different banks on behalf of the Holding Company amounting to Rs. 1,846 million (December 31, 2020: nil).

Note	Un audited June 30, 2021	Audited December 31, 2020
	(Rupees in thousand)	
8.2 Commitments in respect of :		
(i) Contracts for capital expenditure	4,490,672	840,709
(ii) Contracts for other than capital expenditure	2,787,133	374,600
(iii) The amount of future payments under ijarah rentals and short term / low value leases:		
Not later than one year	449,896	247,331
Later than one year but not later than five years	393,996	303,398
	843,892	550,729
9 Property, plant and equipment		
Operating fixed assets	9.1 101,117,920	100,724,565
Capital work in progress	9.2 4,105,822	4,213,168
	105,223,742	104,937,733

	Note	Un audited June 30, 2021	Audited December 31, 2020
(Rupees in thousand)			
9.1 Movement of operating fixed assets			
Opening book value		100,724,565	87,108,526
Additions during the period / year	9.1.1	1,994,112	16,842,054
		102,718,677	103,950,580
Less: Depreciation charged during the period / year		1,598,359	2,932,670
Book value of disposals during the period / year	9.1.2	2,398	293,345
Closing book value		101,117,920	100,724,565

9.1.1 Additions during the period / year

Freehold land		18,659	67,501
Building on freehold land		169,519	47,720
Plant and machinery		1,540,055	14,487,185
Catalysts		17,136	132,062
Furniture and fixtures		13,312	7,079
Office equipment		26,229	4,265
Electric installations and appliances		51,063	112,062
Computers		43,950	123,474
Vehicles		114,189	72,480
Right of use assets		–	1,788,226
		1,994,112	16,842,054

9.1.2 This includes disposal of right of use asset amounting to Rs. 2.25 million on termination of lease contract.

	Un audited June 30, 2021	Audited December 31, 2020
(Rupees in thousand)		
9.2 Capital work in progress		
Civil works	296,930	369,297
Plant and machinery	940,076	1,605,107
Capital stores	2,452,771	1,662,334
Advances:		
- Civil works	45,570	17,887
- Plant and machinery	370,475	558,543
	416,045	576,430
	4,105,822	4,213,168

NOTES TO AND FORMING PART OF THE CONDENSED
 INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN AUDITED)
 For the six months ended June 30, 2021

Un audited
June 30, 2021

Audited
December 31, 2020

(Rupees in thousand)

	Un audited June 30, 2021	Audited December 31, 2020
9.2.1 Movement of capital work in progress		
Opening balance	4,213,168	13,612,134
Additions during the period / year	1,381,224	1,457,760
	5,594,392	15,069,894
Less: Capitalization during the period / year (Reversal of) / provision charged for obsolescence of capital stores	1,491,297	10,850,929
	(2,727)	5,797
Closing balance	4,105,822	4,213,168
10 Intangible assets		
Opening book value	5,991,019	5,973,548
Additions during the period / year	5,880	51,911
	5,996,899	6,025,459
Less: Amortization charged during the period / year	20,452	34,440
Closing book value	5,976,447	5,991,019
11 Investment property		
Opening book value	756,189	627,573
Additions during the period / year	–	129,521
	756,189	757,094
Less: Depreciation charged during the period / year	453	905
Closing book value	755,736	756,189
12 Stores and spares		
Stores	460,601	354,267
Spares	6,364,898	5,243,101
Catalyst and chemicals	3,628,453	2,709,713
	10,453,952	8,307,081
Less: Provision for slow moving stores and spares	59,089	33,247
	10,394,863	8,273,834

Un audited
June 30, 2021

Audited
December 31, 2020

(Rupees in thousand)

13 Stock in trade

Raw materials {including in transit Rs 1,608.49 million (December 31, 2020: Rs 1,412.14 million)}	4,910,900	2,634,574
Packing materials	24,688	123,572
Mid products		
Ammonia	52,005	290,865
Nitric acid	13,035	19,489
Others	371	699
	65,411	311,053
Finished goods		
- Own manufactured		
Urea	2,335,852	805,240
NP	6,958,271	5,906,647
CAN	182,242	1,639,528
Certified emission reductions	32,349	21,785
	9,508,714	8,373,200
- Purchased for resale	938,092	2,088,546
	15,447,805	13,530,945

14 Trade debts

These include receivables from related party amounting to Rs 3,989.09 million on account of toll manufacturing.

Three months ended
June 30, 2021 June 30, 2020

Six months ended
June 30, 2021 June 30, 2020

(Rupees in thousand)

15 Sales

Revenue from contracts with customers

Local sales:

Own manufactured	19,736,547	7,456,612	40,689,600	21,100,684
Purchased for resale	203,721	3,010,379	1,371,117	4,058,518
Mid products	289,842	167,652	595,641	370,960
Export sales:				
Certified emission reductions	-	150,487	-	150,487
Toll manufacturing	6,405,228	-	6,405,228	-
	26,635,338	10,785,130	49,061,586	25,680,649
Less: Sales tax	563,941	238,177	1,041,481	559,635
Discounts	366,987	147,185	712,128	288,286
	25,704,410	10,399,768	47,307,977	24,832,728

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN AUDITED)

For the six months ended June 30, 2021

Note	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Rupees in thousand)			
16 Cost of sales				
Raw material consumed	7,508,425	3,052,744	13,765,110	5,648,878
Packing material consumed	704,026	272,849	1,231,648	512,338
Salaries, wages and other benefits	1,519,990	860,233	2,855,046	1,655,401
Fuel and power	1,802,693	1,054,957	3,355,629	2,009,241
Chemicals and catalyst consumed	577,396	208,170	1,013,401	374,996
Stores and spares consumed	614,716	246,127	1,263,280	711,808
Technical assistance	206,900	46,592	221,225	56,691
Repair and maintenance	1,518,590	512,922	1,730,455	677,606
Insurance	213,020	131,936	413,403	270,306
Travelling and conveyance	32,982	27,909	65,891	61,046
Rent, rates and taxes	65,413	31,547	132,876	54,490
Vehicle running and maintenance	28,502	15,777	58,436	36,546
Depreciation	729,883	618,041	1,481,236	1,232,426
Others	2,763	18,408	44,335	37,015
Subsidy on RLNG released by GoP to SNGPL 16.1	(1,532,564)	(5,320,625)	(1,532,564)	(5,320,625)
Manufacturing cost	13,992,735	1,777,587	26,099,407	8,018,163
Opening stock of mid products	261,692	150,830	311,053	203,837
Closing stock of mid products	(65,411)	(110,003)	(65,411)	(110,003)
Cost of goods manufactured	14,189,016	1,818,414	26,345,049	8,111,997
Opening stock of finished goods	9,150,053	2,227,497	8,373,200	2,851,480
Closing stock of finished goods	(9,508,714)	(4,867,499)	(9,508,714)	(4,867,499)
Cost of sales - own manufactured	13,830,355	(821,588)	25,209,535	6,095,978
Cost of sales - purchased for resale	211,661	2,617,198	1,171,494	3,551,536
	14,042,016	1,795,610	26,381,029	9,647,514

16.1 This consists of subsidy released by Government of Pakistan (GoP) to SNGPL, as the difference between full RLNG price billed to the Holding Company (Sheikhupura Plant) by SNGPL in year 2020 and the Gas price capped by GoP for fertilizer plants operating on RLNG.

	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Rupees in thousand)			
17 Finance cost				
Markup on:				
- long term finances	183,547	355,647	392,251	781,036
- short term finances	290,924	425,786	473,586	996,432
Interest on lease liabilities	39,806	89,344	82,249	106,227
Bank charges and others	153,784	66,144	262,523	301,724
	668,061	936,921	1,210,609	2,185,419

	Three months ended		Six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
(Rupees in thousand)				
18 Earnings per share - basic and diluted				
Profit attributable to ordinary shareholders	5,541,814	4,701,702	9,314,704	7,160,953
(Number of shares)				
Weighted average number of shares	2,100,000,000	2,100,000,000	2,100,000,000	2,100,000,000
Basic and diluted earnings per share (Rupees)	2.64	2.24	4.44	3.41

19 Transactions with related parties

The related parties comprise the associated undertakings, directors and other key management personnel of the Group. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties have been disclosed in the relevant notes to the financial statements. Significant transactions with related parties are as follows:

	Nature of transaction	Six months ended	
		June 30, 2021	June 30, 2020
(Rupees in thousand)			
Relationship with the Company	Nature of transaction		
Associated companies	Purchase of packing material	1,292,594	614,104
	Purchase of raw material	2,232,550	2,574,673
	Purchase of catalysts	70,648	722,147
	Purchase of stores and spares	309,302	334,488
	Purchase of finished goods	-	2,567,021
	Sale of mid products	51,621	76,150
	Lease rental and license fee	72,000	-
	Payment against sales collection	4,931,253	-
	Toll manufacturing	6,405,228	-
	Fee for services	1,650,805	364,236
	Miscellaneous expenses	41,496	11,180
	Short term loan	3,758,000	-
	Markup income	335,233	853,502
	Markup expense	99,452	-
Directors and key management personnel	Remuneration including benefits and perquisites	204,874	134,181
Retirement benefit plans	Retirement benefit expense	99,394	149,991

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN AUDITED)

For the six months ended June 30, 2021

	Six months ended	
	June 30, 2021	June 30, 2020
(Rupees in thousand)		
20 Cash generated from operations		
Profit before tax	14,452,689	10,056,737
Adjustments for :		
Depreciation on property, plant and equipment	1,598,359	1,335,991
Depreciation on investment property	453	451
Amortization of intangible assets	20,452	15,003
Finance cost	1,210,609	2,185,419
Provision for staff retirement benefits	38,000	100,484
Provision for slow moving stores, spares and loose tools	23,116	17,770
Exchange (gain) / loss on translation of foreign currency loan	(3,312)	69,771
Profit on short term loans to associated companies	(335,494)	(853,515)
Loss on remeasurement of investment - through profit or loss	31,799	-
Reversal of loss allowance on subsidy receivable from GoP	(45,030)	-
Unwinding of provision for GIDC	194,962	-
Dividend income	(133,313)	(19,629)
Share of profit from an associated company	(17,757)	(13,030)
Profit on saving accounts	(9,457)	(30,026)
Gain on disposal of property, plant and equipment	(1,334)	(122)
	2,572,053	2,808,567
Operating cash flows before working capital changes	17,024,742	12,865,304
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets:		
Stores and spares	(2,144,145)	(151,756)
Stock in trade	(1,916,860)	(1,302,529)
Trade debts	(5,292,941)	4,906,379
Loans, advances, deposits, prepayments and other receivables	(2,512,867)	2,718,811
Net increase / (decrease) in creditors, accrued and other liabilities	6,069,596	(3,433,826)
	(5,797,217)	2,737,079
	11,227,525	15,602,383

21 Financial instruments

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

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

The following table presents the Group's financial assets which are carried at fair value:

	June 30, 2021 (Un audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - through profit or loss	2,492,088	–	–	2,492,088
Investment - FVTOCI	–	–	–	–
Total assets at fair value	2,492,088	–	–	2,492,088
	December 31, 2020 (Audited)			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Financial assets at fair value				
Investment - through profit or loss	2,324,222	–	–	2,324,222
Investment - FVTOCI	199,640	–	–	199,640
Total assets at fair value	2,523,862	–	–	2,523,862

21.1 There were no transfers between levels during the period / year. The carrying value of all other financial assets and liabilities reflected in these condensed interim consolidated financial statements approximate their fair values.

22 COVID-19 impact assessment

World Health Organization declared the novel strain of corona virus (COVID-19) a global pandemic on March 11, 2020 and recommended containment and mitigation measures worldwide. During the six months period of 2021, due to effective vaccinations and other measures taken to contain the further spread of the virus, including lock downs, travel bans, quarantines, social distancing, and closures of nonessential services, the spread was slowed down and it helped in reviving the overall economic activities.

Manufacturing, transportation, distribution and selling of seeds, fertilizers and pesticides, being essential commodities, was permitted by the Government throughout the lockdown period and consequently, operations of the Group have continued uninterrupted during the pandemic. The management considers presently that this pandemic does not have any material adverse impact on the amounts being reported in the Group's condensed interim consolidated financial statements for the six months ended June 30, 2021 and going forward, the management will continue to monitor the potential impact and take all steps possible to mitigate any effects.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN AUDITED)

For the six months ended June 30, 2021

23 Events after reporting date

The Board of Directors of the Holding Company in their meeting held on August 26, 2020 accorded in principle approval to transfer its Sheikhpura plant related operations to Fatimafert Limited, a wholly owned subsidiary. The Scheme of Arrangement was prepared under the relevant provisions of the Companies Act, 2017 and then approved by the Board on July 15, 2021. This Scheme will be effective from January 01, 2021, subject to receipt of all necessary corporate and regulatory authorization and approvals.

Further, the Holding Company on August 17, 2021 has filed a petition in the Lahore High Court for sanction of the Scheme. As per the Scheme, the net assets amounting to Rs 7,063 million as mentioned below will be transferred to Fatimafert Limited from the effective date against the issuance of 200 million fully paid ordinary shares of Rs 10 each plus share premium / demerger reserve to the Holding Company for the balance over and above the paid up capital of Rs 2,000 million.

	Carrying value as at January 01, 2021 (Rupees in million)
Description	
Property, plant and equipment	12,938
Stores, spares, chemicals and catalysts	1,172
Subsidy receivable from GoP	207
Deferred liabilities	(3,360)
Trade and other payables	(3,894)
Net assets	7,063

24 Date of Authorization of Issue

These financial statements have been authorized for issue on August 27, 2021 by the Board of Directors of the Holding Company.

25 General

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



Chief Executive Officer



Director



Chief Financial Officer



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