



Condensed Interim  
Financial Statements For the  
QUARTER ENDED  
31 MARCH

2020



fauji foods

## TABLE OF CONTENTS

|  |       |
|--|-------|
| ■ Corporate Information  | 2-3   |
| ■ Directors' Report<br>to the Shareholders                     | 04    |
| ■ Directors' Report<br>to the Shareholders in Urdu             | 05    |
| ■ Condensed Interim<br>Statement of Financial Position         | 6-7   |
| ■ Condensed Interim<br>Profit or Loss Account                  | 08    |
| ■ Condensed Interim<br>Statement of Other Comprehensive Income | 09    |
| ■ Condensed Interim<br>Statement of Changes in Equity          | 10    |
| ■ Condensed Interim<br>Cash Flow Statement                     | 11    |
| ■ Notes to the Condensed Interim<br>Financial Statements       | 12-14 |

## CORPORATE INFORMATION

### Board of Directors

**Lt Gen Tariq Khan - Chairman**  
*HI(M), (Retd)*

**Lt Gen Javed Iqbal - CE & MD**  
*HI(M), (Retd)*

**Dr. Nadeem Inayat**

**Mr. Rehan Laiq**

**Syed Iqtidar Saeed**

**Mr. Muhammad Ali Gulfaraz**

**Lt Col Abdul Khaliq Khan (Retd)**

**Mr. Basharat Ahmad Bhatti**

**Ms. Aminah Zahid Zaheer**

### Chief Financial Officer

**Syed Abdul Majid Shah**

### Company Secretary

**Brig Zahid Nawaz Mann**  
*SI(M), (Retd)*

### Auditors

**EY Ford Rhodes**  
*Chartered Accountants*





**fauji foods**

### **Legal Advisers**

**Qazi Imran Zahid**  
(Advocate Supreme Court)

### **Audit Committee**

**Dr. Nadeem Inayat**  
**Mr. Rehan Laiq**  
**Lt Col Abdul Khaliq Khan (Retd)**

### **HR & R Committee**

**Ms. Aminah Zahid Zaheer**  
**Dr. Nadeem Inayat**  
**Mr. Rehan Laiq**  
**Syed Iqtidar Saeed**

### **Technical Committee**

**Syed Iqtidar Saeed**  
**Lt Col Abdul Khaliq Khan (Retd)**  
**Mr. Basharat Ahmad Bhatti**

### **Business Review Committee**

**Mr. Muhammad Ali Gulfaraz**  
**Dr. Nadeem Inayat**  
**Mr. Rehan Laiq**  
**Ms. Aminah Zahid Zaheer**  
**Mr. Basharat Ahmad Bhatti**

### **Registered Office**

42 CCA, DHA Phase – VIII,  
Ex-Park View, Lahore.  
Tel: +92-42-37136315-17  
E-mail: info@faujifoods.com

### **Shares Registrar**

M/s Corplink (Pvt.) Limited  
Wings Arcade, 1-K, Commercial,  
Model Town, Lahore.  
Tel: +92-42-35916714, 35916719, 35839182  
Fax: +92-42-35869037  
E-mail: shares@corplink.com.pk

### **Website**

[www.faujifoods.com](http://www.faujifoods.com)

### **Plant**

Bhalwal, District Sargodha.

### **Bankers**

**Habib Bank Limited**  
**United Bank Limited**  
**National Bank of Pakistan**  
**Bank Alfalah Limited**  
**Faysal Bank Limited**  
**MCB Bank Limited**  
**Askari Bank Limited**  
**Allied Bank Limited**  
**Bank AL Habib Limited**  
**Dubai Islamic Bank Pakistan Limited**  
**Soneri Bank Limited**  
**JS Bank Limited**  
**AI Baraka Bank (Pakistan) Limited**

## DIRECTORS' REPORT TO THE SHAREHOLDERS

The Board of Directors of Fauji Foods Limited is pleased to present the directors' report along with the condensed unaudited interim financial information of the Company for Three months ended March 31, 2020.

### **Principal Activities**

During the period under review, The Company managed to regain some of its lost share by registering a revenue growth of 20% from the corresponding quarter of last year despite tougher business environment. But the recovery in revenue growth was marred by the continued high input costs, caused by currency devaluation, revision in import duties and high finance costs.

The later part of the quarter is affected with global breakout of COVID 19 Pandemic and slowdown in economic activity specifically in the last month of the quarter with the start of lockdown. The Company has made effective efforts to maintain supply chain and meet the product demand of consumers without compromising any of the safety measures.

### **Financial Performance**

During the period under review, net sales stood at Rs 1,667 million compared with Rs 1,385 million while turning to gross loss of Rs. 100 million compared with Gross profit of Rs 31 million during the corresponding period of last year.

The loss after tax for the quarter stood at Rs 952 million compared with Rs 699 million loss in the corresponding period of last year. The incremental loss is primarily attributable to higher raw milk cost and increase in financing rates from previous year comparative quarter.

### **Increase in Authorized Capital and Conversion of Sponsor Loan to Share Capital**

Subsequent to first quarter ended March 2020; in the Annual General Meeting held on April 02, 2020 the Shareholders have approved, through special resolution, an increase in Authorized Capital to 1,000 Million Shares of Rs 10 /- each from 700 Million Shares of Rs 10 /- each. Further approved is the conversion of the subordinated loan to equity amounting to Rs 2,630 Million together with markup of Rs 118.86 Million as at December 31, 2019 at par value of Rs 10/- per share, which was granted by FFBL to the Company. Approvals from SECP are in process.

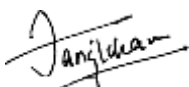
### **Future Outlook**

The Company with target to achieve milestone presence in foods service segment has entered into strategic supply agreements with renowned international foods chains. These agreements will help increase FFL's revenue, apart from enhancing its brand image in domestic and international markets.

Despite the broader challenges and inflationary trends in the country, the management remains committed, vibrant and resilient to respond to these challenges with renewed vigor and passion to accomplish its objectives. The leadership is continuously revisiting and realigning the business strategies to make the Company's business profitable.

The Board is thankful to the valuable shareholders for their trust and continued support to the Company.

For and on behalf of the Board



Lt Gen Tariq Khan - Chairman  
HI(M), (Retd)  
Chairman



Lt Gen Javed Iqbal  
HI(M), (Retd)  
Chief Executive /  
Managing Director

# ڈائریکٹران رپورٹ برائے ممبران



fauji foods

فوجی فوڈز لمیٹڈ کا بورڈ آف ڈائریکٹرز 31 مارچ 2020 کو مکمل ہونے والے سہ ماہی عرصہ کے لیے غیر آڈٹ شدہ مالیاتی حسابات پر ڈائریکٹران کی رپورٹ پیش کرتے ہوئے مسرت محسوس کر رہا ہے۔

## بنیادی سرگرمیاں

زیادہ سخت کاروباری حالات کے باوجود زیر جائزہ عرصہ کے دوران سابقہ سال کے تقابلی عرصہ کے مقابلے میں 20 فیصد اضافی فروخت کے ساتھ کمپنی اپنے کھوئے ہوئے کچھ بازاری حصے کو دوبارہ حاصل کرنے میں کامیاب رہی۔ لیکن آمدنی میں اس اضافے نے کروپے کی قدر میں کمی، امپورٹ ڈیوٹی میں ترمیم اور اضافی مالیاتی لاگت کی وجہ سے پیداواری لاگت میں مسلسل اضافے نے متاثر کر دیا۔

سہ ماہی کے بعد کا حصہ Covid 19 بیماری کی عالمی وبا سے متاثر ہوا جس نے اس سہ ماہی کے آخری مہینے میں شروع کیے گئے لاک ڈاؤن کے آغاز سے معاشی سرگرمیوں کو آہستہ کر دیا۔ کمپنی نے حفاظتی اقدامات پر کوئی سمجھوتا کیے بغیر سپلائی چین کو برقرار رکھنے اور صارفین کی مصنوعات کی طلب کو پورا کرنے کے لیے موثر کوششیں کی ہیں۔

## مالیاتی کارکردگی

سابقہ سال کے تقابلی عرصہ کے دوران فروخت سے حاصل ہونے والے 1,385 ملین روپے کے مقابلے میں زیر جائزہ عرصہ کے دوران فروخت سے حاصل شدہ رقم 1,667 ملین روپے رہی جبکہ سابقہ تقابلی عرصہ کے دوران حاصل کردہ 31 ملین روپے خام منافع کے مقابلے میں اس سال کے زیر جائزہ عرصہ کے دوران 100 ملین روپے کا خام نقصان ہوا۔

سابقہ سال کے تقابلی عرصہ کے دوران ہونے والے 699 ملین روپے نقصان کے مقابلے میں اس سال کے زیر جائزہ عرصہ کے دوران ہونے والا بعد از ٹیکس نقصان 952 ملین روپے رہا۔ بڑھتا ہوا نقصان بنیادی طور پر سابقہ سال کی سہ ماہی کے مقابلے میں دودھ کی زیادہ قیمت اور مالیاتی شرح میں اضافہ کی وجہ سے ہے۔

## مجاز سرمائے میں اضافہ اور اسپانسر کے قرضے کی شیئر کمپنیل میں تبدیلی

مارچ 2020 کو ختم ہونے والی پہلی سہ ماہی کے بعد 02 اپریل 2020 کو منعقد ہونے والے سالانہ اجلاس عام میں حصص یافتگان نے خصوصی قرارداد کے ذریعے کمپنی کے مجاز سرمایہ کو دس روپے مالیت فی حصہ کے 700 ملین حصص سے بڑھا کر دس روپے مالیت فی حصہ کے 1,000 ملین حصص کرنے کی منظوری دے دی ہے۔ مزید برآں 2,630 روپے مالیت کے subordinated loan کو، جو FFBL کی جانب سے کمپنی کو دیا گیا تھا، 31 دسمبر 2019 تک 118.86 ملین روپے کے مارک اپ سمیت دس روپے فی حصہ مالیت کے حصص میں تبدیل کرنے کی منظوری دی ہے۔ SECP کی منظوری کا عمل جاری ہے۔

کمپنی، فوڈ سروس کے شعبے میں موجودگی کے سبب میل کے ہدف کے ساتھ، معروف بین الاقوامی فوڈز چین کے ساتھ اسٹریٹجک رسد فراہم کرنے کے معاہدے کر چکی ہے۔ ان معاہدوں سے، مقامی اور بین الاقوامی بازار میں برانڈ امیج کو بہتر بنانے کے ساتھ ساتھ، کمپنی کی آمدنی بڑھانے میں مدد ملے گی۔

ملک میں وسیع تر چینلینجوں اور افراط زر کے رجحانات کے باوجود انتظامیہ ایک نئے عزم، جوش اور جذبے کے ساتھ ان چینلینجوں کا جواب دینے اور اپنے مقاصد کے حصول کے لیے پرجوش اور چوکس ہے۔ کمپنی کے کاروبار کو نفع بخش بنانے کے لیے قیادت کا رو باری حکمت عملیوں پر مسلسل نظر ثانی کر رہی ہے۔

بورڈ کمپنی پر اعتماد اور مسلسل تعاون کے لیے تمام قابل قدر حصص یافتگان کا شکریہ ادا کرتا ہے۔

*Jamshed*

لیفٹیننٹ جنرل طارق خان  
ہلال امتیاز (ملٹری) (ریٹائرڈ)  
چیئرمین

*Ramsey*

لیفٹیننٹ جنرل جاوید اقبال  
ہلال امتیاز (ملٹری) (ریٹائرڈ)  
چیف ایگزیکٹو/فیننگ ڈائریکٹر  
مورخہ 23 اپریل 2020

QUARTER ENDED  
31 MARCH

2020


Condensed Interim  
Statement of Financial Position  
As at 31 March 2020

|   |      | Un-Audited<br>31 March<br>2020<br>Rupees | Audited<br>31 December<br>2019<br>Rupees |
|---|------|--|--|
| <b>EQUITY AND LIABILITIES</b>   | Note |  |  |
| <u>Share capital and reserves</u>                                       |      |  |  |
| Authorized capital  |      |  |  |
| 700,000,000 (2019: 700,000,000)   |      |  |  |
| ordinary shares of Rs 10 each   |      | <b>7,000,000,000</b>                     | 7,000,000,000                            |
| Issued, subscribed and paid up capital                                  |      |  |  |
| 528,407,192 (2019: 528,407,192)   |      |  |  |
| ordinary shares of Rs 10 each   |      | <b>5,284,071,920</b>                     | 5,284,071,920                            |
| Share premium   |      | <b>1,925,340,907</b>                     | 1,925,340,907                            |
| Surplus on revaluation of property,<br>plant and equipment - net of tax |      | <b>1,293,011,771</b>                     | 1,309,417,781                            |
| Accumulated loss  |      | <b>(13,132,377,710)</b>                  | (12,196,616,692)                         |
|   |      | <b>(4,629,952,112)</b>                   | (3,677,786,084)                          |
| <u>Non-current liabilities</u>  |      |  |  |
| Long term finances  |      | <b>2,558,333,333</b>                     | 2,708,333,333                            |
| Liabilities against assets<br>subject to finance lease                  |      | <b>232,761,202</b>                       | 255,555,628                              |
| Deferred Liabilities  |      | <b>86,574,618</b>                        | 76,634,948                               |
|   |      | <b>2,877,669,153</b>                     | 3,040,523,909                            |
| <u>Current liabilities</u>  |      |  |  |
| Short term borrowings   |      | <b>6,908,420,673</b>                     | 6,691,944,126                            |
| Current portion of long term liabilities                                |      | <b>1,761,620,876</b>                     | 1,745,608,877                            |
| Loan from Parent Company - unsecured                                    | 6    | <b>2,630,000,000</b>                     | 2,630,000,000                            |
| Trade and other payables  |      | <b>1,746,958,640</b>                     | 1,166,742,071                            |
| Unclaimed dividend  |      | <b>965,752</b>                           | 965,752                                  |
| Accrued finance cost  |      | <b>720,677,092</b>                       | 554,807,673                              |
|   |      | <b>13,768,642,033</b>                    | 12,790,068,499                           |
|   |      | <b>12,016,359,074</b>                    | 12,152,806,324                           |

**Contingencies and commitments**

7

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

  
Chairman

  
Chief Executive

  
Director

  
Chief Financial Officer

Condensed Interim  
Statement of Financial Position  
As at 31 March 2020



| ASSETS                                      | Note | Un-Audited<br>31 March<br>2020<br>Rupees | Audited<br>31 December<br>2019<br>Rupees |
|---|------|--|--|
| <u>Non-current assets</u>                   |      |  |  |
| Property, plant and equipment               | 8    | 7,983,408,318                            | 8,106,036,190                            |
| Intangible assets                           |      | 34,522,447                               | 39,393,564                               |
| Security deposits                           |      | 6,606,122                                | 6,606,122                                |
|   |      | <b>8,024,536,887</b>                     | <b>8,152,035,876</b>                     |
| <u>Current assets</u>                       |      |  |  |
| Stores, spares and loose tools              |      | 225,000,283                              | 237,545,924                              |
| Stock-in-trade                              |      | 1,365,335,779                            | 1,443,222,934                            |
| Trade debts                                 |      | 273,074,065                              | 181,171,112                              |
| Loans and advances                          |      | 77,930,605                               | 64,645,851                               |
| Deposits, prepayments and other receivables |      | 236,136,782                              | 233,956,743                              |
| Due from associated companies               |      | 39,247                                   | 39,247                                   |
| Sales tax refundable - net                  |      | 531,289,808                              | 563,303,259                              |
| Income tax - net                            |      | 1,200,419,141                            | 1,162,750,979                            |
| Cash and bank balances                      |      | 82,596,477                               | 114,134,399                              |
|   |      | <b>3,991,822,187</b>                     | <b>4,000,770,448</b>                     |
|   |      | <b>12,016,359,074</b>                    | <b>12,152,806,324</b>                    |

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

  
Chairman

  
Chief Executive

  
Director

  
Chief Financial Officer

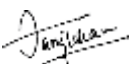


QUARTER ENDED  
31 MARCH  
**2020**

**Condensed Interim  
Profit or Loss Account (Un-Audited)  
For the Quarter ended 31 March 2020**

|   | Note | 01 January<br>to<br>31 March<br>2020<br>Rupees | 01 January<br>to<br>31 March<br>2019<br>Rupees |
|---|------|--|--|
| Sales - net                               |      | <b>1,667,052,343</b>                           | 1,385,467,521                                  |
| Cost of sales                             | 9    | <b>(1,767,376,039)</b>                         | (1,354,938,340)                                |
| <b>Gross (Loss)/ profit</b>               |      | <b>(100,322,696)</b>                           | 30,529,181                                     |
| Marketing and distribution expenses       |      | <b>(213,186,742)</b>                           | (294,522,293)                                  |
| Administrative expenses                   |      | <b>(91,990,481)</b>                            | (115,651,718)                                  |
| <b>Loss from operations</b>               |      | <b>(405,499,919)</b>                           | <b>(379,644,829)</b>                           |
| Other income                              |      | <b>19,510,763</b>                              | 8,738,347                                      |
| Other expenses                            |      | -  | (6,942,448)                                    |
| Finance cost                              |      | <b>(561,271,118)</b>                           | (307,682,608)                                  |
| <b>Loss before taxation</b>               |      | <b>(947,260,274)</b>                           | (685,531,538)                                  |
| Taxation                                  |      | <b>(4,905,754)</b>                             | (13,105,673)                                   |
| <b>Loss after taxation</b>                |      | <b>(952,167,028)</b>                           | <b>(698,637,211)</b>                           |
| <b>Loss per share - basic and diluted</b> |      | <b>(1.80)</b>                                  | (1.32)   |

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

  
Chairman

  
Chief Executive

  
Director

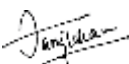
  
Chief Financial Officer

Condensed Interim Statement of  
Comprehensive Income  
(Un-Audited)  
For the Quarter ended 31 March 2020



|   | <b>01 January<br/>to<br/>31 March<br/>2020<br/>Rupees</b> | 01 January<br>to<br>31 March<br>2019<br>Rupees |
|---|---|--|
| <b>Loss after taxation<br/>for the period</b>                     | <b>(952,166,028)</b>                                      | (698,637,211)                                  |
| <u>Other comprehensive income</u>                                 |   |  |
| Items that will not be reclassified<br>to profit and loss account |   |  |
| Remeasurement of defined<br>benefit obligation                    | -   | -  |
| <b>Total comprehensive loss<br/>for the period</b>                | <u><b>(952,166,028)</b></u>                               | <u>(698,637,211)</u>                           |

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

  
Chairman

  
Chief Executive

  
Director

  
Chief Financial Officer

QUARTER ENDED  
31 MARCH  
**2020**

# Condensed Interim Statement of Changes In Equity (Un-Audited) For the Quarter ended 31 March 2020

| Issued,<br>subscribed<br>and paid-up<br>capital | Capital Reserve  |  | Revenue<br>reserves | Total |
|---|------------------|--|---------------------|-------|
|   | Share<br>premium | Surplus on<br>revaluation of<br>property, plant<br>and equipment -<br>net of tax | Accumulated<br>loss |       |

----- Rupees -----

|  |               |               |               |                 |               |
|--|---------------|---------------|---------------|-----------------|---------------|
| <b>Balance as at<br/>01 January 2019</b> | 5,284,071,920 | 1,925,340,907 | 1,424,377,761 | (6,491,314,836) | 2,142,475,752 |
|--|---------------|---------------|---------------|-----------------|---------------|

Total comprehensive  
income for the period

|                                       |   |   |   |               |               |
|---------------------------------------|---|---|---|---------------|---------------|
| Loss after taxation                   | - | - | - | (698,637,211) | (698,637,211) |
| Other comprehensive<br>income         | - | - | - | -             | -             |
| <b>Total comprehensive<br/>income</b> | - | - | - | (698,637,211) | (698,637,211) |

Surplus transferred to  
accumulated losses

|  |   |   |              |            |   |
|--|---|---|--------------|------------|---|
| Incremental depreciation<br>relating to surplus<br>on revaluation - net of tax | - | - | (18,648,299) | 18,648,299 | - |
|--|---|---|--------------|------------|---|

|  |                      |                      |                      |                        |                      |
|--|----------------------|----------------------|----------------------|------------------------|----------------------|
| <b>Balance as at<br/>31 March 2019</b> | <b>5,284,071,920</b> | <b>1,925,340,907</b> | <b>1,405,729,462</b> | <b>(7,171,303,748)</b> | <b>1,443,838,541</b> |
|--|----------------------|----------------------|----------------------|------------------------|----------------------|

|  |               |               |               |                  |                 |
|--|---------------|---------------|---------------|------------------|-----------------|
| <b>Balance as at<br/>01 January 2020</b> | 5,284,071,920 | 1,925,340,907 | 1,309,417,781 | (12,196,616,692) | (3,677,786,084) |
|--|---------------|---------------|---------------|------------------|-----------------|

Total comprehensive  
income for the period

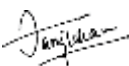
|                                       |   |   |   |                      |                      |
|---------------------------------------|---|---|---|----------------------|----------------------|
| Loss after taxation                   | - | - | - | (952,166,028)        | (952,166,028)        |
| Other comprehensive<br>income         | - | - | - | -                    | -                    |
| <b>Total comprehensive<br/>income</b> | - | - | - | <b>(952,166,028)</b> | <b>(952,166,028)</b> |

Surplus transferred to  
accumulated losses

|  |   |   |              |            |   |
|--|---|---|--------------|------------|---|
| Incremental depreciation<br>relating to surplus<br>on revaluation - net of tax | - | - | (16,406,010) | 16,406,010 | - |
|--|---|---|--------------|------------|---|

|  |                      |                      |                      |                         |                        |
|--|----------------------|----------------------|----------------------|-------------------------|------------------------|
| <b>Balance as at<br/>31 March 2020</b> | <b>5,284,071,920</b> | <b>1,925,340,907</b> | <b>1,293,011,771</b> | <b>(13,132,376,710)</b> | <b>(4,629,952,112)</b> |
|--|----------------------|----------------------|----------------------|-------------------------|------------------------|

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

  
Chairman

  
Chief Executive

  
Director

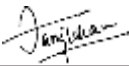
  
Chief Financial Officer

# Condensed Interim Statement Of Cash Flow (Un-Audited) For the Quarter ended 31 March 2020



|  |      | 2020<br>Rupees         | 2019<br>Rupees         |
|--|------|------------------------|------------------------|
| <b><u>Cash flows from operating activities</u></b>               | Note |                        |                        |
| Loss before taxation   |      | (947,260,274)          | (685,531,538)          |
| Adjustments for non-cash items:                                  |      |                        |                        |
| Depreciation on property, plant and equipment                    | 8    | 181,955,481            | 165,175,084            |
| Amortization of intangible assets                                |      | 4,871,118              | 675,636                |
| Gain on disposal of property, plant and equipment                |      | (2,904,628)            | (1,097,286)            |
| Profit on bank deposits  |      | (14,980,281)           | (5,960,724)            |
| Provision for obsolete stores                                    |      | -                      | 1,335,000              |
| Exchange (gain)/loss   |      | (67,181)               | 5,607,448              |
| Employee retirement benefits                                     |      | 8,228,052              | 10,490,828             |
| Finance cost   |      | 561,271,118            | 307,682,608            |
| <b>Loss before working capital changes</b>                       |      | <b>(208,886,595)</b>   | <b>(201,622,944)</b>   |
| <b><u>Effect on cash flow due to working capital changes</u></b> |      |                        |                        |
| (Increase) / decrease in current assets:                         |      |                        |                        |
| Stores, spares and loose tools                                   |      | 12,545,641             | (51,862,241)           |
| Stock-in-trade   |      | 77,887,155             | (211,790,320)          |
| Trade debts  |      | (91,902,453)           | (76,321,151)           |
| Loans and advances   |      | (13,284,454)           | (108,961,564)          |
| Deposits, prepayments and other receivables                      |      | (2,180,539)            | 68,947,321             |
| Due from Associated Companies                                    |      | -                      | (178,125)              |
| Sales tax refundable   |      | 32,013,451             | 15,347,798             |
| (Decrease) / increase in trade and other payables                |      | 580,284,321            | (82,744,328)           |
|  |      | <b>595,363,122</b>     | <b>(447,562,610)</b>   |
| <b>Cash generat/(used in) operations</b>                         |      | <b>386,476,527</b>     | <b>(649,185,554)</b>   |
| Income tax paid  |      | (37,668,162)           | (65,098,541)           |
| Employee benefits paid   |      | (3,194,536)            | (1,913,321)            |
| <b>Net cash generat/(used in) operating activities</b>           |      | <b>345,613,829</b>     | <b>(716,197,416)</b>   |
| <b><u>Cash flow from investing activities</u></b>                |      |                        |                        |
| Fixed capital expenditure  |      | (62,758,035)           | (151,280,101)          |
| Sale proceeds from disposal of property, plant and equipment     |      | 6,335,512              | 25,405,994             |
| Income on bank deposits received                                 |      | 14,980,281             | 5,960,724              |
| <b>Net cash used in investing activities</b>                     |      | <b>(41,442,242)</b>    | <b>(119,913,383)</b>   |
| <b><u>Cash flow from financing activities</u></b>                |      |                        |                        |
| Long term financing  |      | (125,000,000)          | -                      |
| Short term borrowings - net                                      |      | -                      | 149,223,995            |
| Liabilities against assets subject to finance lease - net        |      | (31,782,025)           | (45,684,222)           |
| Finance cost paid  |      | (395,402,054)          | (286,786,071)          |
| <b>Net cash (used in) from financing activities</b>              |      | <b>(552,184,079)</b>   | <b>(183,246,298)</b>   |
| <b>Net increase / (decrease) in cash and cash equivalents</b>    |      | <b>(248,012,492)</b>   | <b>(1,019,357,097)</b> |
| <b>Cash and cash equivalents - at beginning of the period</b>    |      | <b>(7,658,115,954)</b> | <b>(4,542,862,123)</b> |
| <b>Cash and cash equivalents - at end of the period</b>          |      | <b>(7,906,128,446)</b> | <b>(5,562,219,220)</b> |

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

  
Chairman

  
Chief Executive

  
Director

  
Chief Financial Officer

# Notes to the Condensed Interim Financial Statements (Un-Audited) For the Quarter ended 31 March 2020

- 1 Fauji Foods Limited ("the Company") was incorporated in Pakistan on 26 September 1966 as a Public Company and its shares are quoted on Pakistan Stock Exchange. It is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products. The registered office of the Company is situated at 42 CCA, Ex Park View, DHA Phase-VIII, Lahore (formerly at FFBL Complex, 103 A/B, Shahrah-e-Quaid-e-Azam, Lahore) and the manufacturing facility is located at Bhalwal, District Sargodha. The Company is a subsidiary of Fauji Fertilizer Bin Qasim Limited, the Parent Company.
- 2 This condensed interim financial Statements of the Company for the first quarter ended 31 March, 2020 is un-audited and has been presented in accordance with the requirements of the International Accounting Standard (IAS - 34 Interim Financial Reporting) and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where the requirements differ, the provisions of or directives issued under the Act have been followed. These are required to be presented to the shareholders under section 237 of the Act.
- 3 This condensed interim financial Statements does not include all the Statements required for the full financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December, 2019.
- 4 The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial Statements are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended 31 December, 2019.
- 5 The preparation of this condensed interim financial Statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of this condensed interim financial Statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to annual audited financial statements for the year ended 31 December, 2019.

- 6 The shareholders of sponor and borrower, in their respective Annual General meetings held on March 29, 2020 and April 02, 2020 respectively, approve the conversion of subordinated shareholder loan to equity. Resultantly, loan of rupees 2.63 billion which has been distributed by FFBL to the Company, together with mark-up amounting to rupees 118.86 million that has accrued on such principal amount as at December 31, 2019 into fully paid up ordinary of Rs. 10 per share of FFL of the corresponding value to be issued by FFL to the parent Company.

## 7 Contingencies and commitments

### 7.1 Contingencies

- (i) The Company has issued following guarantees:



**fauji foods**

Guarantees aggregating Rs. 15.01 million (31 December 2019: Rs. 15.01 million) have been issued by banks on behalf of the Company to Sui Northern Gas Pipeline Limited, Pakistan State Oil and Controller Naval Account.

There has been no significant change in contingencies as reported in the audited financial statements of the Company for the period ended December 31, 2019.

## 7.2 Commitments

The Company has the following commitments in respect of:

- (i) Commitments, for capital expenditure, against irrevocable letters of credit outstanding at the year end were for Rs. Nil (31 December 2019: Rs. 3.82 million).
- (ii) Commitments, for purchase of raw / packing material, outstanding at the year end were for Rs. 19.37 million (31 December 2019: Rs. 7.29 million).

| <b>8 Property, plant and equipment</b>         | <b>Note</b> | <b>Un-audited<br/>31 March<br/>2020</b> | <b>Audited<br/>31 December<br/>2019</b> |
|--|-------------|---|---|
| Opening balance - Net book value               |             | <b>7,864,982,570</b>                    | 6,885,161,167                           |
| Additions during the period / year             |             | <b>90,172,246</b>                       | 1,805,381,871                           |
| Capital Work in Process                        | 8.1         | <b>213,639,767</b>                      | 241,053,620                             |
|  |             | <b>8,168,794,583</b>                    | 8,931,596,658                           |
| Book Value of property plant and equipment     |             |   |   |
| disposed off/adjusted during the period / year |             | <b>(3,430,784)</b>                      | (51,377,372)                            |
| Depreciation charged during the period / year  |             | <b>(181,955,481)</b>                    | (774,183,096)                           |
|  |             | <b>7,983,408,318</b>                    | 8,106,036,190                           |

### 8.1 Capital work-in-progress

|                     |                    |             |
|---------------------|--------------------|-------------|
| Plant and machinery | <b>212,771,767</b> | 237,869,416 |
| Building            | -                  | 349,204     |
| Leased vehicles     | <b>868,000</b>     | 2,835,000   |
|                     | <b>213,639,767</b> | 241,053,620 |

## 9 Cost of Sales

|  | Un-audited<br>31 March<br>2020 | Un-audited<br>31 March<br>2019 |
|--|--------------------------------|--------------------------------|
| Raw materials consumed                           | 999,790,278                    | 575,513,456                    |
| Salaries, wages and other benefits               | 48,826,948                     | 42,360,213                     |
| Freight and forwarding                           | 28,553,756                     | 31,923,130                     |
| Power and fuel                                   | 64,079,335                     | 50,881,226                     |
| Packing materials consumed                       | 434,078,750                    | 507,386,863                    |
| Stores and spares consumed                       | 34,028,555                     | 58,919,359                     |
| Repair and maintenance                           | 49,303,557                     | 46,366,732                     |
| Depreciation on property,<br>plant and equipment | 158,077,196                    | 141,136,608                    |
| Rent, rates and taxes                            | 140,671                        | 1,371,652                      |
| Travelling and conveyance                        | 2,114,083                      | 3,351,574                      |
| Printing and stationery                          | 45,438                         | 53,709                         |
| Legal and professional charges                   | 156,000                        | 658,180                        |
| Insurance  | 2,457,010                      | 371,714                        |
| Others   | 242,171                        | 25,821                         |
|  | <b>1,821,893,748</b>           | <b>1,460,320,237</b>           |
| Adjustment of work-in-process                    |                                |                                |
| Opening stock                                    | <b>146,456,393</b>             | 37,295,000                     |
| Closing stock                                    | <b>(225,237,029)</b>           | (70,232,629)                   |
|  | <b>(78,780,636)</b>            | <b>(32,937,629)</b>            |
| Cost of goods manufactured                       | <b>1,743,113,112</b>           | <b>1,427,382,608</b>           |
| Adjustment of finished goods                     |                                |                                |
| Opening stock                                    | <b>283,032,995</b>             | 250,922,457                    |
| Closing stock                                    | <b>(258,770,068)</b>           | (323,366,725)                  |
|  | <b>24,262,927</b>              | <b>(72,444,268)</b>            |
|  | <b>1,767,376,039</b>           | <b>1,354,938,340</b>           |

## 11 Date of authorization of issue

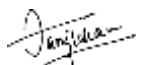
These financial statements were authorized for issue on April 23, 2020 by the board of directors of the Company.

## 12 Events after the balance sheet date

There are no subsequent events occurring after balance sheet date.

## 13 Corresponding figures

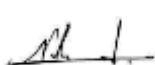
Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison and better presentation as per reporting framework.



Chairman



Chief Executive



Director



Chief Financial Officer

— SINCE —  
FROM THE HOUSE OF NURPUR  
1966

# nurpur FLAVOURED Milk





SINCE  
FROM THE HOUSE OF NURPUR  
1966

nurpur

Some Traditions  
are Forever





**fauji foods**

**Head Office**

42 CCA, DHA Phase-VIII, Ex-Park View, Lahore.

Tel: +92 42 37136310 | +92 42 37136315-17

[www.faujifoods.com](http://www.faujifoods.com)