



**fauji foods**

Formerly Noon Pakistan Limited



**fauji foods**

Formerly Noon Pakistan Limited

**Head Office**

3rd Floor, Bahria Complex Tower, 103 A/B, Shahrah-e-Quaid-e-Azam, Lahore.

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

**Condensed Interim  
Financial Statements  
For The Quarter Ended  
31 MARCH**

**2017**



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Formerly Noon Pakistan Limited

Condensed Interim  
Financial Information  
For The Quarter Ended  
31 MARCH  
**2017**



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### **Board of Directors**

**Lt Gen Khalid Nawaz Khan** - Chairman  
HI(M), Sitara-i-Esar, (Retd)

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

**Lt Gen Shafqaat Ahmed**  
HI(M), (Retd)

**Malik Adnan Hayat Noon**

**Mr. Qaiser Javed**

**Dr. Nadeem Inayat**

**Dr. Rashid Bajwa**

**Mr. Salman Hayat Noon**

**Brig Raashid Wali Janjua**, SI(M), (Retd)

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

**Mr. Iltifat Rasul Khan**

**Mr. Par Soderlund**

### **Chief Financial Officer**

**Syed Aamir Ahsan**

### **Company Secretary**

**Brig Rizwan Rafi**  
SI(M), T.Bt, (Retd)

### **Auditors**

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

**Corporate  
Information**

### **Legal Advisers**

Hamid Law Associates

### **Audit Committee**

Mr. Iltifat Rasul Khan

Mr. Qaiser Javed

Dr. Nadeem Inayat

Malik Adnan Hayat Noon

### **HR & R Committee**

Dr. Nadeem Inayat

Dr. Rashid Bajwa

Brig Raashid Wali Janjua, SI(M), (Retd)

Lt Col Abdul Khaliq Khan (Retd)

### **Technical Committee**

Brig Raashid Wali Janjua, SI(M), (Retd)

Lt Col Abdul Khaliq Khan (Retd)

Dr. Rashid Bajwa

### **Business Review Committee**

Dr. Rashid Bajwa

Dr. Nadeem Inayat

Mr. Salman Hayat Noon

Mr. Par Soderlund

### **Bankers**

Habib Bank Limited

United Bank Limited

National Bank of Pakistan

Bank Alfalah Limited

Faysal Bank Limited

The Bank of Punjab

NIB Bank Limited

MCB Bank Limited

Askari Bank Limited

Allied Bank Limited

Bank Islami Pakistan

Bank Al Habib Limited

Dubai Islamic Bank Pakistan Limited

### **Registered Office**

3rd Floor, Bahria Complex, 103 A/B,  
Shahrah-e-Quaid-e-Azam, Lahore.

Tel: +92-42-99205933-34

E-mail: [info@faujifoods.com](mailto: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](mailto:shares@corplink.com.pk)

### **Website**

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

### **Plant**

Bhalwal, District Sargodha.



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## **Directors' Report to the Shareholders**

On behalf of the Board of Directors of Fauji Foods Limited, I am pleased to present the directors' report along with the condensed unaudited interim financial information of the Company for the three months ended March 31, 2017.

### **Principal Activities**

Fauji Foods Limited, a majority owned Company of Fauji Fertilizer Bin Qasim Limited (50.28% shareholding) and Fauji Foundation (12.75% shareholding) is engaged in processing and marketing of dairy products, juices and jams. The Company's flagship brand "Nurpur" is one of the oldest and highly recognized dairy brand in Pakistan.

### **Business Review**

The Company has successfully commissioned latest UHT Plant which has resulted in enhancement of production capacity.

Overall dairy sector witnessed a negative growth due to extended flush season, abundant availability of lower priced loose milk, negative perception created in the media about packaged milk and efforts by Punjab Food Authority on certain labeling requirements related to Tea Whiteners.

Despite these tough conditions the Company has been able to improve its market share in both liquid milk and Tea Whitener categories. Our new products Dostea (Liquid Tea Whitener) and Nurpur Original (UHT) are being well received in the market.

### **Financial Performance**

During the period under review, the total sales of the Company stood at Rs 1,269 million compared with Rs 461 million in the corresponding period last year, showing a growth of 175%. The net loss after tax was Rs 447 million as compared to the corresponding period loss of Rs 189 million.

The net losses were due to the shutdown of the plant for two weeks in February 2017 for final connections and alignments related to BMR projects; and also due to investment in developing milk procurement and sales infrastructure for future increased volumes which had resulted in higher fixed cost as current sales volumes were low. Moreover, due to high availability and low prices of loose milk, Company was unable to pass through certain costs including impact of change in Tax regime. These fixed costs are expected to normalize once sales volumes are increased in future.

**Future Outlook**

The industry is expected to show growth in the remaining period of the year and regain the lost market share to the loose milk in the informal sector. Despite increased competition in dairy business, the Company will continue to focus on improving shareholders' value through innovation; product and process optimization; effective cost controls; and will continue to grow its market share, In ShaALLAH.

The Board takes this opportunity to thank our valuable stakeholders for their continued support to the Company.

For and on behalf of the Board



**LT GEN KHALID NAWAZ KHAN**

HI(M), Sitara-i-Esar, (Retd)  
Chairman

Dated : April 21, 2017



**fauji foods**

Formerly Noon Pakistan Limited

## Condensed Interim Balance Sheet

As at 31 March 2017

	<b>Un-Audited</b>	Audited
	<b>31 March</b>	31 December
	<b>2017</b>	2016
<b>EQUITY AND LIABILITIES</b>	<b>Rupees</b>	Rupees
	<i>Note</i>	
<b><u>Share capital and reserves</u></b>		
Authorized capital		
700,000,000 (31 December 2016:		
700,000,000)		
ordinary shares of Rs 10 each	<b><u>7,000,000,000</u></b>	<u>7,000,000,000</u>
Issued, subscribed and paid up capital		
132,101,798 (31 December 2016:		
132,101,798)		
ordinary shares of Rs 10 each	<b>1,321,017,980</b>	1,321,017,980
Share Premium	<b>1,966,772,143</b>	1,966,772,143
Accumulated loss	<b><u>(1,929,070,885)</u></b>	<u>(1,486,605,671)</u>
	<b>1,358,719,238</b>	1,801,184,452
Surplus on revaluation of property, plant and equipment - net	<b>436,156,475</b>	440,355,621
<b><u>Non-current liabilities</u></b>		
Liabilities against assets subject to finance lease	<b>127,184,567</b>	129,919,028
Employee benefits	<b><u>37,475,737</u></b>	<u>32,822,224</u>
	<b>164,660,304</b>	162,741,252
<b><u>Current liabilities</u></b>		
Short term borrowings	<b>5,266,781,377</b>	3,899,251,334
Current portion of liabilities against assets subject to finance lease	<b>37,556,943</b>	36,097,751
Trade and other payables	<b>1,210,116,854</b>	1,291,303,709
Accrued finance cost	<b>87,832,915</b>	49,716,962
	<b>6,602,288,089</b>	5,276,369,756
<b>Contingencies and commitments</b>	<b>6</b>	
	<b><u>8,561,824,106</u></b>	<u>7,680,651,081</u>

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

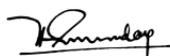
Lahore

**Chairman**

## Condensed Interim Balance Sheet

As at 31 March 2017

<b>ASSETS</b>	<i>Note</i>	<b>Un-Audited 31 March 2017 Rupees</b>	<b>Audited 31 December 2016 Rupees</b>
<b><u>Non-current assets</u></b>			
Property, plant and equipment	7	<b>5,380,660,871</b>	4,937,750,901
Intangible assets		<b>4,830,833</b>	4,441,250
Security deposits		<b>944,306</b>	944,306
Deferred taxation - net		<b>736,407,582</b>	628,541,639
		<b>6,122,843,592</b>	5,571,678,096
<b><u>Current assets</u></b>			
Stores, spares and loose tools		<b>56,879,589</b>	93,931,361
Stock-in-trade		<b>1,191,059,782</b>	684,805,793
Trade debts		<b>57,224,488</b>	77,969,418
Loans and advances		<b>146,230,373</b>	48,480,455
Deposits, prepayments and other receivables		<b>137,181,324</b>	141,347,588
Due from Associated Companies		<b>39,247</b>	39,247
Sales tax refundable - net		<b>462,510,366</b>	475,950,146
Income tax - net		<b>311,667,410</b>	252,909,058
Cash and bank balances		<b>76,187,935</b>	333,539,919
		<b>2,438,980,514</b>	2,108,972,985
		<b>8,561,824,106</b>	7,680,651,081

  
Chief Executive

  
Director



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Formerly Noon Pakistan Limited

## Condensed Interim Profit and Loss Account (Un-Audited)

For the quarter ended March 31, 2017

		<b>01 January to 31 March 2017 Rupees</b>	01 January to 31 March 2016 Rupees
	<i>Note</i>		
Sales - net		<b>1,269,080,631</b>	461,253,003
Cost of sales	8	<b>(1,263,589,908)</b>	(416,717,908)
<b>Gross profit</b>		<b>5,490,723</b>	44,535,095
Marketing and Distribution Expenses		<b>(371,275,754)</b>	(276,300,955)
Administrative expenses		<b>(111,827,425)</b>	(35,398,860)
Other income		<b>6,475,471</b>	4,134,668
Other expenses		<b>(7,094,135)</b>	(1,747,162)
<b>Loss from operations</b>		<b>(478,231,120)</b>	(264,777,214)
Finance cost		<b>(76,299,183)</b>	(24,460,377)
<b>Loss before taxation</b>		<b>(554,530,303)</b>	(289,237,591)
Taxation		<b>107,865,943</b>	100,234,479
<b>Loss for the period</b>		<b>(446,664,360)</b>	(189,003,112)
<b>Loss per share - basic and diluted</b>		<b>(3.38)</b>	(1.91)

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

Lahore

Chairman

Chief Executive

Director

## Statement of Other Comprehensive Income (Un-audited)

For the quarter ended March 31, 2017

	01 January to 31 March 2017 Rupees	01 January to 31 March 2016 Rupees
<b>Loss for the period</b>	<b>(446,664,360)</b>	(189,003,112)
Other comprehensive income for the period	-	-
<b><u>Items that will not be reclassified to profit and loss account:</u></b>		
Surplus on revaluation of property, plant and equipment - net of tax	(i) -	-
<b>Total comprehensive loss for the period</b>	<b><u>(446,664,360)</u></b>	<b><u>(189,003,112)</u></b>

- (i) surplus on revaluation of property, plant and equipment - net of tax is presented under separate head below equity in accordance with the requirements of section 235 of the Companies Ordinance, 1984.

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

Lahore



Chairman



Chief Executive



Director



**fauji foods**

Formerly Noon Pakistan Limited

## Statement Of Changes In Equity (Un-Audited)

For the quarter ended March 31, 2017

	Issued, subscribed and paid-up capital	Capital Reserves			Revenue Reserve Accumulated loss	Total
		Advance against share capital	Share premium	Sub-total		
----- Rupees -----						
<b>Balance as at 01 January 2016</b>	313,632,000	-	-	-	(538,082,120)	(224,450,120)
Advances against issue of shares	-	1,525,861,499	-	1,525,861,499	-	1,525,861,499
Total comprehensive loss for the period	-	-	-	-	(189,003,112)	(189,003,112)
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	-	4,600,295	4,600,295
<b>Balance as at 31 March 2016</b>	<b>313,632,000</b>	<b>1,525,861,499</b>	<b>-</b>	<b>1,525,861,499</b>	<b>(722,484,937)</b>	<b>1,117,008,562</b>
<b>Balance as at 01 January 2017</b>	1,321,017,980	-	1,966,772,143	1,966,772,143	(1,486,605,671)	1,801,184,452
Total comprehensive loss for the period	-	-	-	-	(446,664,360)	(446,664,360)
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	-	4,199,146	4,199,146
<b>Balance as at 31 March 2017</b>	<b>1,321,017,980</b>	<b>-</b>	<b>1,966,772,143</b>	<b>1,966,772,143</b>	<b>(1,929,070,885)</b>	<b>1,358,719,238</b>

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

**Chairman**

**Chief Executive**

**Director**

**Lahore**

## Condensed Interim Cash Flow Statement (Un-Audited)

For the quarter ended March 31, 2017

	01 January to 31 March 2017 Rupees	01 January to 31 March 2016 Rupees
<b><u>Cash flows from operating activities</u></b>		
Loss before taxation	(554,530,303)	(289,237,591)
<i>Adjustments for non-cash items:</i>		
Depreciation on property, plant and equipment	97,585,509	27,671,508
Amortization of intangible assets	435,417	165,288
Gain on disposal of property, plant and equipment	(1,008,446)	(1,289,858)
Profit on bank deposits	(1,617,872)	-
Exchange loss	7,094,135	1,278,858
Employee benefits - accumulated compensated absences	6,000,000	-
Finance cost	76,299,183	24,460,377
<b>Loss before working capital changes</b>	<b>(369,742,377)</b>	<b>(236,951,418)</b>
<b><u>Effect on cash flow due to working capital changes</u></b>		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	37,051,772	(126,206,790)
Stock-in-trade	(506,253,989)	(257,177,541)
Trade debts	20,744,930	(152,276)
Loans and advances	(97,480,066)	(32,814,182)
Deposits, prepayments and other receivables	4,166,264	(103,577,611)
Due from Associated Companies	-	37,988
Sales tax refundable	13,439,780	(57,443,825)
<i>(Decrease) / increase in trade and other payables</i>	<i>(88,550,842)</i>	<i>(383,774,674)</i>
	<b>(616,882,151)</b>	<b>(961,108,911)</b>
<b>Cash used in operations</b>	<b>(986,624,528)</b>	<b>(1,198,060,329)</b>
Income tax paid	(58,758,352)	(17,308,258)
Employee benefits paid	(1,346,487)	(278,346)
Security deposits - net	-	213,000
<b>Net cash used in operating activities</b>	<b>(1,046,729,367)</b>	<b>(1,215,433,933)</b>
<b><u>Cash flow from investing activities</u></b>		
Fixed capital expenditure	(541,874,217)	(809,551,943)
Sale proceeds from disposal of property, plant and equipment	1,562,184	69,568,376
Income on bank deposits received	1,617,872	-
<b>Net cash used in investing activities</b>	<b>(538,694,161)</b>	<b>(739,983,567)</b>
<b><u>Cash flow from financing activities</u></b>		
Share Deposit Money	-	1,525,861,499
Liabilities against assets subject to finance lease - net	(1,275,269)	(4,018,221)
Short term borrowings - net	1,367,530,043	2,127,636,034
Finance cost paid	(38,183,230)	(17,726,321)
<b>Net cash generated from financing activities</b>	<b>1,328,071,544</b>	<b>3,631,752,991</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(257,351,984)</b>	<b>1,676,335,491</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>333,539,919</b>	<b>52,960,265</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>76,187,935</b>	<b>1,729,295,756</b>

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

  
Lahore **Chairman**

  
**Chief Executive**

  
**Director**



**fauji foods**

Formerly Noon Pakistan Limited

## **Notes to the Condensed Interim Financial Information (Un-Audited)**

For the quarter ended March 31, 2017

1. Fauji Foods Limited (Formerly Noon Pakistan Limited) (the Company) was incorporated in Pakistan on 26 September, 1966 as a Public Company and its shares are quoted on Pakistan Stock Exchange (formerly Karachi and Lahore Stock Exchanges). 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 FFBL Complex, 103 A/B, Shahrah-e-Quaid-e-Azam, Lahore and the manufacturing facility is located at Bhalwal, District Sargodha.
2. This condensed interim financial information of the Company for the first quarter ended 31 March, 2017 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 Ordinance, 1984 (the Ordinance). In case where the requirements differ, the provisions of or directives issued under the Ordinance have been followed. These are required to be presented to the shareholders under section 245 of the Ordinance.
3. This condensed interim financial information does not include all the information 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, 2016.
4. The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended 31 December, 2016.
5. The preparation of this condensed interim financial information 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 information, 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, 2016.

## 6 Contingencies and commitments

### 6.1 Contingencies

- (i) the Company has issued following guarantees:

Guarantees aggregating Rs 18.42 million (31 December 2016: Rs 18.42 million) have been issued by banks on behalf of the Company to Sui Northern Gas Pipeline Limited, Pakistan State Oil and Controller Naval Account.

### 6.2 Commitments

The Company has the following commitments in respect of:

- (i) Commitments, for capital expenditure, against irrevocable letters of credit outstanding at the period end were for Rs 531.80 million (31 December 2016: Rs 625.15 million).
- (ii) Commitments, other than capital expenditure, outstanding at the period end were for Rs 338.13 million (31 December 2016: Rs 575.10 million).

7. Property, plant and equipment	Un-audited 31 March 2017	Audited 31 December 2016
Opening balance-Net book value	<b>3,821,427,382</b>	1,008,477,814
Additions during the period / year	<b>468,902,362</b>	3,082,665,736
Capital Work in Process	<b>1,188,470,374</b>	1,116,323,519
	<b>5,478,800,118</b>	5,207,467,069

Book value of property plant and equipment

disposed off/adjusted during the period / year	<b>(553,738)</b>	(77,017,655)
Depreciation charged during the period / year	<b>(97,585,509)</b>	(192,698,513)
	<b><u>5,380,660,871</u></b>	<u>4,937,750,901</u>



**fauji foods**

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	<b>Un-Audited 01 January to 31 March 2017 Rupees</b>	<b>Un-Audited 01 January to 31 March 2016 Rupees</b>
<b>8. Cost of Sales</b>		
Raw materials consumed	<b>669,133,431</b>	356,745,412
Milk collection expenses	<b>26,387,986</b>	28,351,101
Salaries, wages and other benefits	<b>67,301,002</b>	27,338,270
Power and fuel	<b>62,317,825</b>	23,508,789
Packing materials consumed	<b>420,785,145</b>	116,270,980
Stores and spares consumed	<b>26,835,031</b>	14,671,428
Repair and maintenance	<b>10,886,913</b>	2,100,965
Rent, rates and taxes	<b>3,727,087</b>	2,265,881
Depreciation on property, plant and equipment		
- Milk collection centres	<b>10,091,046</b>	2,860,848
- Production facility	<b>79,078,997</b>	20,461,798
Insurance	<b>3,020,672</b>	5,735,074
	<b><u>1,379,565,135</u></b>	<u>600,310,546</u>
Adjustment of work-in-process		
Opening stock	<b>72,762,966</b>	37,241,000
Closing stock	<b>(95,271,000)</b>	(69,729,000)
	<b>(22,508,034)</b>	(32,488,000)
Cost of goods manufactured	<b><u>1,357,057,101</u></b>	<u>567,822,546</u>
Adjustment of finished goods		
Opening stock	<b>175,283,807</b>	33,971,363
Closing stock	<b>(268,751,000)</b>	(185,076,001)
	<b>(93,467,193)</b>	(151,104,638)
	<b><u>1,263,589,908</u></b>	<u>416,717,908</u>

## 9. Related party disclosures

Related parties comprise of associated undertakings, directors, post employment plans, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

Relationship with the company	Nature of transactions	01 January to 31 March 2017 Rupees	01 January to 31 March 2016 Rupees
<b>i. Associated Undertakings</b>			
Noon Sugar Mills Limited	Payments to others on behalf of the related party	-	12,272
	Payment by related party to others	-	11,356
Fauji Fertilizer Bin Qasim Limited	Salaries of seconded employees	<b>14,459,239</b>	-
	Repair & maintenance and building rent expense	<b>8,351,400</b>	-
Askari Bank Limited	Running finance facility	-	382,000,000
	Markup expense	<b>12,980,783</b>	6,692,954
	Markup income	<b>1,505,301</b>	-
Employee's Provident Fund Trust	Contribution for the period	<b>5,464,937</b>	3,298,286
<b>ii. Associated persons</b>			
Mr. Salman Hayat Noon (Non-Executive Director)	Land Purchased	-	16,500,000
	Consultancy fee expense	<b>1,968,327</b>	1,968,327
Mr. Malik Adnan Hayat Noon (Non-Executive Director)	Land Purchased	-	16,500,000
Directors	Meeting fee	<b>604,400</b>	769,000
Key management personnel	Remuneration and benefits	<b>76,936,202</b>	42,145,611

## 10. Date of authorization of issue

This condensed interim financial information was authorized for issue on April 21, 2017 by the board of directors of the Company.

Figures in this condensed interim financial information have been rounded-off to the nearest rupee. Corresponding figures have been re-arranged or re-classified wherever necessary for the purposes of comparison; however, no material re-arrangement or re-classification has been made.

  
Lahore **Chairman**

  
**Chief Executive**

  
**Director**