



Condensed Interim
Financial Statements For The
HALF YEAR ENDED
30 JUNE

2019



fauji foods



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HALF YEAR ENDED

30 JUNE

2019



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CORPORATE INFORMATION

Board of Directors

Lt Gen Syed Tariq Nadeem Gilani - Chairman
HI(M), (Retd)

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

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

Dr. Nadeem Inayat

Mr. Rehan Laiq

Mr. Salman Hayat Noon

Syed Iqtidar Saeed

Lt Col Abdul Khaliq Khan *(Retd)*

Mr. Iltifat Rasul Khan

Mr. Par Soderlund

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

KPMG Taseer Hadi & Co.
Chartered Accountants





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Legal Advisers

Gazi Imran Zahid
(Advocate Supreme Court)

Audit Committee

Mr. Iltifat Rasul Khan

Dr. Nadeem Inayat

Mr. Rehan Laiq

Lt Col Abdul Khaliq Khan (Retd)

HR & R Committee

Ms. Aminah Zahid Zaheer

Dr. Nadeem Inayat

Syed Iqtidar Saeed

Mr. Rehan Laiq

Technical Committee

Syed Iqtidar Saeed

Lt Col Abdul Khaliq Khan (Retd)

Mr. Basharat Ahmad Bhatti

Business Review Committee

Mr. Par Soderlund

Dr. Nadeem Inayat

Mr. Rehan Laiq

Ms. Aminah Zahid Zaheer

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

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

Al Baraka Bank (Pakistan) Limited

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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 the Half year ended June 30, 2019.

Principal Activities

Fauji Foods Limited, a majority owned Company of Fauji Fertilizer Bin Qasim Limited (50.59 percent shareholding) and Fauji Foundation (12.75 percent shareholding) is engaged in processing, and marketing of dairy products, juices and jams. The Company's brand "Nurpur" is one of the oldest and highly recognized brand in Pakistan.

Business Review

During the period under review, adverse and unprecedented volatility in Country economic factors mainly of considerable depreciation in Pak Rupee and constant upward revision in policy rate by State Bank of Pakistan lead to increase in business cost. Further, over all dairy packaged milk sector continued to feel the pressure of regulatory and input tax inadmissibility challenges that added to cost of business.

Forced by the external economic factors, the Company in January initiated a price adjustment in tea whitener category to absorb some of the escalated input costs. But the industry as whole remaining indifferent to the said price adjustment, left Company with no option but to retreat from its price adjustment initiative and had faced volume losses and incurred additional sales support to maintain its market position.

Government in its Fiscal Budget applicable for year 2019-20 has levied sales tax on tea whitener. Therefore, in July, the Industry has taken price increase to the extent of sales tax adjustment.

Financial Performance

During the period under review, total net sales of the Company stood at Rs 2,535 million compared with Rs 3,694 million while turning to gross loss of Rs. 415 Million compared with Gross profit of Rs 6 million during the corresponding period last year.

The loss after tax stood at Rs 2,343 million compared with Rs 1,474 million loss in the corresponding period of last year.

Acquisition intent by Inner Mongolia Yili Industrial Group Company Limited

The Chinese Company withdrew its offer on April 29, 2019 due to inability of both the parties to reach an agreement on the transaction within the prescribed time period.

Future Outlook

The management remains committed and all be more vigilant to respond to such sudden changes in external economic factors, by continuously revisiting and realigning the business strategy to keep the Company buoyant and growing.



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The Company has made a place for its brands in the Market and Management expects that the Company In Sha ALLAH will continue to grow in volume, market share and profits.

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 Syed Tariq Nadeem Gilani
HI (M),(Retd)
Chairman

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

Dated: July 25, 2019

ڈائریکٹران رپورٹ برائے ممبران

فوجی فوڈز لمیٹڈ کا بورڈ آف ڈائریکٹرز 30 جون 2019 کو اختتام پزیر ہونے والے ششماہی عرصہ کے لیے غیر آڈٹ شدہ مالیاتی حسابات پر ڈائریکٹران کی رپورٹ پیش کرتے ہوئے مسرت محسوس کر رہا ہے۔

بنیادی سرگرمیاں

فوجی فوڈز لمیٹڈ، فوجی فریڈل انڈسٹریز، فوجی فوڈز لمیٹڈ (50.59 فیصد شیئرز ہولڈنگ) اور فوجی فاؤنڈیشن (12.75 فیصد شیئرز ہولڈنگ) کے اکثریتی حصص کی ملکیت پر مبنی دودھ اور اس سے بنی ہوئی غذائی اشیاء، جوس اور جام تیار کرنے والی کمپنی ہے۔ کمپنی کا ”نور پور“ برانڈ پاکستان میں طویل عرصہ سے سب سے زیادہ جانا پہچانا نام ہے۔

کاروباری جائزہ

زیر جائزہ عرصہ کے دوران ملکی معیشت میں اتار چڑھاؤ کے عوامل، خاص طور پر پاکستانی روپیہ کی قدر میں کافی زیادہ کمی اور اسٹیٹ بینک آف پاکستان کی جانب سے پالیسی ریٹ میں اضافہ کی جانب مسلسل نظر ثانی کی وجہ سے کاروباری لاگت میں اضافہ ہوا۔ مزید یہ کہ دودھ کی پیکنگ کا تمام شعبہ ریگولیٹری اور input ٹیکس کا ناقابل برداشت دباؤ محسوس کرتا رہا جس نے کاروباری لاگت میں اضافہ کر دیا۔

بیرونی معاشی عوامل کے دباؤ میں آ کر کمپنی نے پیداواری لاگت میں اضافے کو جذب کرنے کے لیے ٹی وائٹرز کے شعبہ میں قیمت کا تعین کرنے میں سہولت حاصل کی لیکن مجموعی طور پر ڈپریری کی صنعت قیمت کے اس تعین سے لا تعلق رہی اور کمپنی کو قیمت کے تعین میں سہولت کے اپنے فیصلے کو واپس لینے کے سوا کوئی چارہ نہ رہا جس سے اس کے کاروباری حجم میں کمی واقع ہوئی اور بازار میں اپنی حیثیت کو برقرار رکھنے کے لیے مارکیٹنگ کے ضمن میں اضافی اخراجات کرنا پڑے۔

حکومت نے سال 2019-20 کے مالیاتی بجٹ میں ٹی وائٹرز پر سیلز ٹیکس عائد کر دیا ہے۔ لہذا جولائی میں صنعت نے سیلز ٹیکس ایڈجسٹمنٹ کی حد تک قیمتوں میں اضافہ کر دیا ہے۔

مالیاتی کارکردگی

سابقہ سال کے تقابلی عرصہ کے دوران فروخت سے حاصل ہونے والے 3,694 ملین روپے کے مقابلے میں زیر جائزہ عرصہ کے دوران فروخت سے حاصل شدہ رقم 2,535 ملین روپے رہی جبکہ سابقہ تقابلی عرصہ کے دوران حاصل کردہ 6 ملین روپے کے خام منافع کے مقابلے میں اس سال کے زیر جائزہ عرصہ کے دوران 415 ملین روپے کا خام نقصان رہا۔



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سابقہ سال کے تقابلی عرصہ کے دوران ہونے والے 1,474 ملین روپے بعد از ٹیکس نقصان کے مقابلے میں اس سال کے زیرِ جائزہ عرصہ کے دوران ہونے والا بعد از ٹیکس نقصان 2,343 ملین روپے رہا۔

انزموگولیا پبلی انڈسٹریل گروپ کمپنی لمیٹڈ کی جانب سے تحصیل کا ارادہ

چین کی کمپنی نے مقررہ مدت کے اندر لین دین کے معاملات میں دونوں فریقین کی جانب سے کسی معاہدے پر متفق نہ ہونے کی وجہ سے 29 اپریل 2019 کو اپنی پیشکش واپس لے لی۔

مستقبل کی پیش گوئی

انتظامیہ پر عزم ہے اور بیرونی معاشی عوامل میں اچانک تبدیلیوں سے نمٹنے کے لیے کاروباری حکمت عملی میں مسلسل نظر ثانی کے ذریعے کمپنی کو مستحکم اور ترقی پزیر رکھنے کے لیے چوکس رہے گی۔

کمپنی بازار میں اپنے برانڈز کے لیے جگہ بنا چکی ہے اور انتظامیہ کو توقع ہے کہ انشا اللہ کمپنی اپنے حجم، بازاری حصے اور منافع میں اضافے کو برقرار رکھے گی۔

بورڈ کمپنی پر اعتماد اور مسلسل تعاون کے لیے تمام قابلِ قدر حصص یافتگان کا شکر گزار ہے۔

لیفٹیننٹ جنرل سید طارق ندیم گیلانی
ہلال امتیاز (ملٹری) (ریٹائرڈ)
چیئرمین

مورخہ 25 جولائی 2019

لیفٹیننٹ جنرل جاوید اقبال
ہلال امتیاز (ملٹری) (ریٹائرڈ)
چیف ایگزیکٹو/منیجنگ ڈائریکٹر

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Independent Auditor's Review Report To the members of Fauji Foods Limited Report on Review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Fauji Foods Limited ("the Company")** as at 30 June 2019 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of 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.

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 condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 30 June 2019 and 30 June 2018, have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Bilal Ali.

Date: 25 July 2019
Lahore

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants

**Condensed Interim
Statement of Financial Position**
As at 30 June 2019



		(Un-audited) 30 June 2019 Rupees	(Audited) 31 December 2018 Rupees
EQUITY AND LIABILITIES	Note		
<u>Share capital and reserves</u>			
Authorized capital			
700,000,000 (31 December 2018: 700,000,000)			
ordinary shares of Rs 10 each		<u>7,000,000,000</u>	<u>7,000,000,000</u>
Issued, subscribed and paid up capital		5,284,071,920	5,284,071,920
Share premium	5	1,925,340,907	1,925,340,907
Accumulated loss		(8,797,717,524)	(6,491,314,836)
Surplus on revaluation of property, plant and equipment - net of tax		<u>1,351,970,563</u>	<u>1,424,377,761</u>
		(236,334,134)	2,142,475,752
<u>Non-current liabilities</u>			
Long term finances		3,450,000,000	4,191,666,667
Liabilities against assets subject to finance lease	6	328,863,047	289,272,895
Employee retirement benefits		<u>100,075,351</u>	<u>86,167,817</u>
		<u>3,878,938,398</u>	<u>4,567,107,379</u>
<u>Current liabilities</u>			
Short term borrowings	7	7,070,349,496	4,991,083,521
Loan from Parent Company - unsecured	8	800,000,000	-
Current portion of long term liabilities		1,150,271,371	403,631,987
Trade and other payables	9	746,283,808	1,255,264,861
Unclaimed dividend		965,752	965,752
Accrued finance cost	10	267,523,979	195,648,668
		<u>10,035,394,406</u>	<u>6,846,594,789</u>
		<u>13,677,998,670</u>	<u>13,556,177,920</u>

Contingencies and commitments

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The annexed notes 1 to 24 form an integral part of these financial statements.

Chairman

Chief Executive

Director

Chief Financial Officer

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Condensed Interim
Statement of Financial Position
As at 30 June 2019

ASSETS	Note	(Un-audited) 30 June 2019 Rupees	(Audited) 31 December 2018 Rupees
<u>Non-current assets</u>			
Property, plant and equipment	12	7,865,290,827	7,953,143,603
Intangible assets		54,880,827	59,158,143
Security deposits		10,864,306	944,306
Deferred taxation - net		1,329,306,296	1,571,537,380
		9,260,342,256	9,584,783,432
<u>Current assets</u>			
Stores, spares and loose tools		220,859,521	142,132,460
Stock-in-trade	13	1,357,095,359	1,380,400,512
Trade debts		191,982,924	124,573,265
Loans and advances		83,557,616	61,527,093
Deposits, prepayments and other receivables		368,214,535	733,787,593
Due from associated companies		348,142	308,895
Sales tax refundable - net		425,714,843	440,797,114
Income tax - net		1,098,519,290	989,646,258
Cash and bank balances	14	671,364,184	98,221,298
		4,417,656,414	3,971,394,488
		13,677,998,670	13,556,177,920

The annexed notes 1 to 24 form an integral part of these financial statements.

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Chairman



Chief Executive



Director



Chief Financial Officer

**Condensed Interim
Statement of Profit or Loss (Un-audited)**
For the half year ended 30 June 2019



	Note	For the quarter ended		For the half year ended	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
		----- Rupees -----		----- Rupees -----	
Sales - net		1,148,927,217	1,841,900,754	2,534,803,217	3,693,630,415
Cost of sales	15	(1,593,467,130)	(1,870,800,163)	(2,950,292,448)	(3,687,603,942)
Gross (loss)/ profit		(444,539,913)	(28,899,409)	(415,489,231)	6,026,473
Marketing and distribution expenses	16	(473,709,463)	(402,377,369)	(773,680,145)	(795,977,424)
Administrative expenses		(108,064,095)	(107,036,933)	(223,715,095)	(215,447,258)
Loss from operations		(1,026,313,471)	(538,313,711)	(1,412,884,471)	(1,005,398,209)
Other income	17	14,203,792	3,936,046	22,926,792	9,976,426
Other expenses		(7,678,704)	-	(7,678,704)	-
Finance cost	18	(431,259,419)	(145,594,048)	(738,942,419)	(280,754,356)
Loss before taxation		(1,451,047,802)	(679,971,713)	(2,136,578,802)	(1,276,176,139)
Taxation	19	(193,496,801)	(176,226,725)	(206,602,474)	(198,522,906)
Loss for the period		(1,644,544,603)	(856,198,438)	(2,343,181,276)	(1,474,699,045)
Loss per share - basic and diluted		(3.11)	(1.62)	(4.43)	(2.79)

The annexed notes 1 to 24 form an integral part of these financial statements.


Chairman


Chief Executive


Director


Chief Financial Officer

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Condensed Interim Statement of Comprehensive Income (Un-audited)

For the half year ended 30 June 2019

	For the quarter ended		For the half year ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	----- Rupees -----		----- Rupees -----	
Loss for the period	(1,644,544,603)	(856,198,438)	(2,343,181,276)	(1,474,699,045)
 <u>Other comprehensive income for the period</u>				
Items that will not be reclassified to profit and loss account:				
	-	-	-	-
Total comprehensive loss for the period	<u>(1,644,544,603)</u>	<u>(856,198,438)</u>	<u>(2,343,181,276)</u>	<u>(1,474,699,045)</u>

The annexed notes 1 to 24 form an integral part of these financial statements.


Chairman


Chief Executive


Director


Chief Financial Officer

Condensed Interim Statement of Changes In Equity (Un-audited)

For the half year ended 30 June 2019



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	Capital Reserve			Revenue reserve	
	Share capital	Share premium	Surplus on revaluation of property, plant and equipment - net of tax	Accumulated loss	Total
----- Rupees -----					
Balance as at 01 January 2018	5,284,071,920	1,925,340,907	1,458,968,052	(3,722,990,539)	4,945,390,340
Total comprehensive loss for the period	-	-	-	(1,474,699,045)	(1,474,699,045)
<u>Surplus transferred to accumulated losses</u>					
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	(40,289,533)	40,289,533	-
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	47,139,906	-	47,139,906
Balance as at 30 June 2018 (unaudited)	5,284,071,920	1,925,340,907	1,465,818,425	(5,157,400,051)	3,517,831,201
<u>Total comprehensive loss for the period</u>					
Loss after taxation	-	-	-	(1,374,539,557)	(1,374,539,557)
<u>Other comprehensive income</u>					
Remeasurement of defined benefit obligation	-	-	-	(815,892)	(815,892)
<u>Surplus transferred to accumulated losses</u>				(1,375,355,449)	(1,375,355,449)
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	(41,440,664)	41,440,664	-
Balance as at 31 December 2018	5,284,071,920	1,925,340,907	1,424,377,761	(6,491,314,836)	2,142,475,752
Total comprehensive loss for the period	-	-	-	(2,343,181,276)	(2,343,181,276)
<u>Surplus transferred to accumulated losses</u>					
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	(36,778,588)	36,778,588	-
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	(35,628,610)	-	(35,628,610)
Balance as at 30 June 2019 (un-audited)	5,284,071,920	1,925,340,907	1,351,970,563	(8,797,717,524)	(236,334,134)

The annexed notes 1 to 24 form an integral part of these financial statements.

Chairman

Chief Executive

Director

Chief Financial Officer

HALF YEAR ENDED
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Condensed Interim Statement of
Cash Flows (Un-audited)
For the half year ended 30 June 2019

		30 June	30 June
		For the half year ended	
		2019	2018
	Note	Rupees	Rupees
<u>Cash flows from operating activities</u>			
Loss before taxation		(2,136,578,802)	(1,276,176,139)
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	12	364,249,708	312,268,129
Amortization of intangible assets		6,046,496	1,516,751
Gain on disposal of property, plant and equipment		(1,157,164)	-
Provision for doubtful debts		7,678,704	-
Profit on bank deposits		(11,953,708)	(6,397,430)
Foreign exchange loss		78,287,315	26,240,243
Provision for employee retirement benefits		20,989,654	16,239,121
Finance cost		738,942,419	280,754,356
Loss before working capital changes		(933,495,378)	(645,554,969)
<u>Effect on cash flow due to working capital changes</u>			
(Increase) / decrease in current assets:			
Stores, spares and loose tools		(78,727,061)	(50,180,552)
Stock-in-trade	13	23,305,153	(1,010,885,184)
Trade debts		(75,088,363)	5,339,098
Loans and advances		(22,030,523)	4,433,870
Deposits, prepayments and other receivables		365,573,058	(453,805,552)
Due from Associated Companies		(39,247)	(744,907)
Sales tax refundable		15,082,271	22,683,941
Decrease/ (increase) in current liabilities:			
Trade and other payables		(587,268,368)	824,995
		(359,193,080)	(1,482,334,291)
Cash used in operations		(1,292,688,458)	(2,127,889,260)
Income tax paid		(108,873,032)	(261,394,510)
Employee retirement benefits paid		(7,082,120)	(727,450)
Security deposits - net		(9,920,000)	521,323
Net cash used in operating activities		(1,418,563,610)	(2,389,489,897)






**Condensed Interim Statement of
Cash Flows (Un-audited)**
For the half year ended 30 June 2019



	30 June	30 June
	For the half year ended	
	2019	2018
Note	Rupees	Rupees
<u>Cash flow from investing activities</u>		
Fixed capital expenditure	(178,838,288)	(438,366,267)
Income on bank deposits received	11,953,708	6,397,430
Short term investment - term deposit receipt	(500,000,000)	-
Sale proceeds from disposal of property, plant and equipment	35,515,594	-
Net cash used in investing activities	(631,368,986)	(431,968,837)
<u>Cash flow from financing activities</u>		
Short term borrowings - net	1,149,619,596	549,999,175
Finance cost paid	(667,067,108)	(241,425,859)
Dividend paid	-	(3,352)
Lease rentals paid	(89,123,385)	(18,194,432)
Loan received from Parent Company	800,000,000	-
Net cash generated from financing activities	1,193,429,103	290,375,532
Net decrease in cash and cash equivalents	(856,503,493)	(2,531,083,202)
Cash and cash equivalents - at beginning of the period	(4,542,862,747)	(254,199,678)
Cash and cash equivalents - at end of the period	(5,399,366,240)	(2,785,282,880)
Cash and cash equivalents comprise of the following:		
- Cash and bank balances	14 171,364,184	689,136,771
- Running finances	7.1 (5,570,730,424)	(3,474,419,651)
	<u>(5,399,366,240)</u>	<u>(2,785,282,880)</u>

The annexed notes 1 to 24 form an integral part of these financial statements.

Chairman

Chief Executive

Director

Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Un-audited)

For the half year ended 30 June 2019

1 The Company and its operations

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 Fauji Foods Limited, 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.

During the half year ended 30 June 2019, the Company has incurred a loss after tax of Rs. 2,343.18 million and as of this date the accumulated losses stands at Rs. 8,797.72 million and its current liabilities have exceeded its current assets by Rs. 5,617.74 million. Consequent to acquisition of the Company by Fauji Group in year 2015, the management has taken various operational measures towards transformation of the Company that includes curtailment of higher input costs, increasing production scales to optimum levels by BMR - balancing, modernization and replacement of production facility amounting to Rs. 6,825 million (during the last three years), strengthening of milk collection and sales and distribution structures. The management has also taken various financial initiatives towards improvement of liquidity that included raising of equity finance of Rs. 6,896 million to date through right issue to support working capital and capital expenditure requirements. Further fresh working capital lines of Rs. 1,500 million, in addition to existing lines of Rs. 5,200 million (availed till 31 December 2018), were arranged from new and existing lenders during this half year to meet operational liquidity requirements. The Board of Directors and shareholders of the Parent Company have approved financial support of Rs. 3,000 million (through either, or a combination of, a subordinated shareholder loan or collateral support) for meeting the contractual obligations and operational liquidity of the Company out of which Rs. 2,200 million remains un-utilized.

It is anticipated that above steps will not only improve the operational performance and liquidity of the Company but also contribute significantly towards the profitability of the Company in the foreseeable future. Accordingly these interim financial statements have been prepared on a going concern basis.

2 Basis of preparation and statement of compliance

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

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

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



fauji foods

This condensed interim financial statements comprises the condensed interim statement of financial position of the Company as at 30 June 2019 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 together with the notes forming part thereof.

This condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual audited financial statements for the year ended 31 December 2018. Comparative condensed interim statement of financial position is stated from annual audited financial statements as of 31 December 2018, whereas comparatives for condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows and related notes are extracted from condensed interim financial statements of the Company for the six months' period ended 30 June 2018.

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

These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional currency and all financial statements presented have been rounded off to the nearest rupees, except otherwise stated.

3 Use of estimates and judgments

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed interim financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual audited financial statements for the year ended 31 December 2018.

4 Statement of consistency in accounting policies

4.1 The accounting policies and the methods of computation adopted in the preparation of the condensed interim financial statements are same as those applied in the preparation of annual audited financial statements for the year ended 31 December 2018 except for the adoption of new standards effective as off 01 January 2019 as stated below:

4.1.2 Change in accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers', IFRS 9 'Financial Instruments' and IFRS 16 'Leases' from 01 January 2019 which is effective from the annual periods beginning on or after 01 July 2018, period ending on or after 30 June 2019 and periods beginning on or after 01 January 2019 respectively. The details of new significant accounting policies adopted and the nature and effect of the changes from previous accounting policies are set out below:

4.1.2.1 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgement. The Company is engaged in the sale of toned milk, milk powder, fruit juices, allied dairy and food products. The contracts with customers for the sale of goods generally includes single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point in time when control of the asset is transferred to the customer, which is when the goods are delivered to the customer. However, the adoption of IFRS 15 which has replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations at 01 July 2018, did not have a material impact on the amounts of revenue recognized in these condensed interim financial statements except for reclassification of the variable trade discount which is now to be set off against the sales. The corresponding figures have been represented to reflect this change on adoption of IFRS 15. Accordingly, selling and distribution expense of Rs. 273.92 million (30 June 2018: Rs. 180.17 million) has been reclassified to sales. This reclassification has no impact on the reported Loss per Share (EPS) of the corresponding period.

4.1.2.2 IFRS 9 Financial Instruments

IFRS 9 replaced the provisions of IAS 39 ' Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted and the nature and the effect of the changes to the previous accounting policies are set out below:

4.1.2.3 Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for the financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value either through Other Comprehensive Income ("FVOCI"), or through profit or loss ("FVTPL"); and
- Those to be measured at amortized cost.

The classification depends upon entity's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within the business model whose objective is to hold assets to collect contractual cash flows; and



- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. However, the above had no effect on these interim financial statements as the Company has no investments at the reporting date.

Trade and other receivables including deposits, cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified at amortised cost. Trade receivable is initially measured at transaction price and are subsequently measured at amortised cost using the effective interest method, net of impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Changes in accounting policies resulting from change in classification and measurement of these financial assets does not have a significant impact on these condensed interim financial statements.

4.1.2.4 Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to the financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss. Trade receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. This includes both qualitative and quantitative information and analysis, based on historical experience and informed credit risk assessment including forward looking information. Given the Company's experience with customers having good collection history with no historical loss rates / bad debts and normal receivable ageing, the move from an incurred loss model to an expected loss model has not had a material impact on the financial position and / or financial performance of the Company.

4.1.3 IFRS 16 - Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. As a result, the Company, as a lessee, has recognized right of use of assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right of use assets and lease liabilities for material leases i.e. these leases are on balance sheet.

'The Company presents right-of-use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns.

The Company has presented non-current and current portion of related lease liabilities in the statement of financial position considering their due dates for payment.

Significant accounting policies

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. Right of use asset is disclosed in the property, plant and equipment as referred to in 12.1 of these interim financial statements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company has used its incremental borrowing rate as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement. Refer note 6 to these interim financial statements for disclosure of lease liability.

The Company has elected not to recognize right of use assets and liabilities for some leases of low value assets (milk collection centers/warehouses). The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Impact of financial statements

The Company has applied IFRS 16 using the modified retrospective approach. However none of the leases prior to 01 January 2019 have been considered as significant for the purpose of application of IFRS 16 and accordingly the application of IFRS 16 has no impact on the opening retained earnings as at 01 January 2019.

The Company has entered into a new lease agreement for office agreement with effect from 01 June 2019. Accordingly, right of use asset of Rs. 133.69 million and lease liability of Rs. 131.37 million has been recognized as at 01 June 2019.

Also in relation to those leases under IFRS 16, the Company has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Company recognised Rs. 2.23 million of depreciation charges and Rs. 1.49 million of interest costs from this lease.

- 4.1.4** Other than those disclosed above in note 4.1.2, there were certain other new amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed.

The following amendments and interpretations of approved accounting standards will be effective for accounting periods as detailed below:

Amendments and interpretations of approved accounting standards

- | | |
|--|-----------------|
| - IFRIC 23 - Uncertainty over Income Tax Treatments | 01 January 2019 |
| - Amendment to IAS28 - Investments in associates and joint ventures -Long Term Interests in Associates and Joint Ventures | 01 January 2019 |
| - Amendment to IAS 19 - Employee benefits - Plan Amendment, Curtailment or Settlement | 01 January 2019 |
| - Amendment to IFRS 3 - Business Combinations - Definition of a Business | 01 January 2019 |
| - Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors | 01 January 2019 |
| - Annual Improvements to IFRS Standards 2015-2017 Cycle | 01 January 2019 |

5 Share premium

This reserve can only be utilized by the Company for the purpose specified in Section 81(2) of the Companies Act, 2017.

	Note	(Un-audited) 30 June 2019 Rupees	(Audited) 31 December 2018 Rupees
6 Liabilities against assets subject to finance lease			
Liabilities for finance lease assets	6.1	353,720,441	434,571,549
Liability recognized for right of use asset		125,413,977	-
		479,134,418	434,571,549
Less: Current maturity presented under current liabilities		(150,271,371)	(145,298,654)
		328,863,047	289,272,895

6.1 This includes amount of Rs. 50.87 million (31 December 2018: Rs. 54.93 million) payable to Askari Bank Limited, an associated undertaking.

	Note	(Un-audited) 30 June 2019 Rupees	(Audited) 31 December 2018 Rupees
7 Short term borrowings			
Interest / mark-up based loans - secured	7.1	5,570,730,424	4,641,084,045
Islamic mode of financing - secured	7.2	1,499,619,072	349,999,476
		7,070,349,496	4,991,083,521

7.1 Interest / mark-up based loans - secured

This represents utilized amount of short term running finance facilities ("facilities") under mark-up arrangements available from various commercial banks aggregating to Rs 5,683.44 million (31 December 2018: Rs 4,650.94 million). These facilities are secured against charge over all current assets and fixed assets (excluding land and building) of the Company and carry mark-up ranging from 9.85% to 12.63% (31 December 2018: 6.46% to 11.71%) per annum, payable quarterly and semi-annually in arrears. These facilities are expiring on various dates (Latest by April 2019 and maximum by June 2020).

This includes balance of Rs. 738.38 million (31 December 2018: Rs. 708.02 million) payable to Askari Bank Limited, an associated undertaking.

This includes Rs. 1,000 million availed from JS Bank Limited. Out of this Rs. 500 million has been held with the bank under lien as referred in the note 14.1.



7.2 Islamic mode of financing - secured

This represents utilized amount of short term finance facilities (Wakala Istithmar) availed from Dubai Islamic Bank aggregating to Rs 550 million (31 December 2018: Rs 550 million) and short term finance facility (Istisna) availed from Al baraka Bank aggregating to Rs. 1,000 million (31 December 2018: Nil). These facilities carry mark-up ranging from 7.01% to 12.05% per annum (31 December 2018: 7.26% to 10.06%) per annum. The facility is expiring in July 2019.

7.3 Unavailed credit facilities

Out of total facilities for opening of letters of credit and guarantees of Rs. 1,507.30 million (31 December 2018: Rs 1,386.24 million) as at 30 June 2019 unutilized amount as of that date was Rs. 957.50 million (31 December 2018: Rs 1,080.89 million).

	(Un-audited)	(Audited)
	30 June	31 December
	2019	2018
	Rupees	Rupees
8 Loan from Parent Company - unsecured		
Interest / mark-up based subordinated loan - unsecured	<u>800,000,000</u>	<u>-</u>

This represent utilized amount of loan availed from the Parent Company (Fauji Fertilizer Bin Qasim) under markup arrangement on account of sponsor support of Rs. 3,000 million to meet working capital requirement of the Company. This loan is subordinated to the Company's secured debt obligations, is for a period of one year and carries markup at 3 months kibor plus 1.5% per annum, payable quarterly in arrears. The Board of Directors and shareholders of the parent company in their meeting held on 30 January 2019 and 29 March 2019 respectively approved the sponsor support in the total amount not exceeding Rs. 3,000 million through either, or a combination of, a subordinated shareholder loan or collateral support for a period not exceeding one year.

9 Trade and other payables

This includes Rs. 0.52 million (31 December 2018: Rs. 0.52 million) and Rs. 5.40 million (31 December 2018: Nil) due to associated undertakings namely Noon Sugar Mills Limited and Askari Bank Limited respectively.

10 Accrued finance cost

This includes amount of Rs. 4.44 million (31 December 2018: Nil) and Rs.16.27 million (31 December 2018: Nil) payable to Askari Bank Limited, an associated undertakings and Fauji Fertilize Bin Qasim Limited, the Parent Company respectively.

11 Contingencies and commitments

11.1 Contingencies

There has been no significant changes in contingencies as reported in the annual audited financial statements of the Company for the year ended 31 December 2018.

11.2 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. 430.04 million (31 December 2018: Rs. 56.98 million).
- (ii) Commitments, for purchase of raw/ packing material, outstanding at the period end were for Rs. 32.73 million (31 December 2018: Rs. 312.14 million).

	Note	(Un-audited) 30 June 2019 Rupees	(Audited) 31 December 2018 Rupees
12 Property, plant and equipment			
Operating fixed assets	12.1	7,805,531,500	6,885,161,167
Capital work in process	12.2	59,759,327	1,067,982,436
		<u>7,865,290,827</u>	<u>7,953,143,603</u>

12.1 Operating fixed assets

Net book value at beginning of the period / year		6,885,161,167	6,637,495,791
Additions during the period / year		1,185,292,217	923,059,708
Right of use asset	12.1.1	133,686,254	-
Disposals during the period / year		(34,358,430)	(6,686,370)
Depreciation charged during the period / year		(364,249,708)	(668,707,962)
Net book value at end of the period / year		<u>7,805,531,500</u>	<u>6,885,161,167</u>

- 12.1.1 During the half year ended 30 June 2019, the Company has entered into a new lease agreement for use of office premises for a period of 5 years. The Company will make fixed payments (with 10% annual increment every year) on use of asset during the contract period.



fauji foods

		(Un-audited) 30 June 2019 Rupees	(Audited) 31 December 2018 Rupees
12.2 Capital work in progress	Note		
Plant and machinery		28,569,068	857,915,549
Building		-	158,506,111
Leased vehicles		30,254,259	24,651,000
Office equipment		936,000	26,909,776
		<u>59,759,327</u>	<u>1,067,982,436</u>
13 Stock-in-trade			
Raw and packing material			
- In hand		871,108,205	857,374,937
- In transit		100,208,886	235,680,171
Work-in-process	13.1	49,547,168	29,463,602
Finished goods	13.1	336,231,100	257,881,802
		<u>1,357,095,359</u>	<u>1,380,400,512</u>
13.1 The amount charged to statement of profit or loss on account of write down of finished goods to net realizable value amounts to Rs. 19.85 million (31 December 2018: Rs 12.95 million).			
14 Cash and bank balances			
Cash-in-hand		47,237	737,941
Cash at banks			
- Current accounts		10,204,185	6,196,620
- Saving accounts	14.1	160,891,271	91,065,247
- Term deposit receipt - JS Bank Limited	14.2	500,000,000	-
- Dividend accounts		221,491	221,490
	14.3	671,316,947	97,483,357
		<u>671,364,184</u>	<u>98,221,298</u>

- 14.1** This carries profit at the rates ranging from 3.75% to 9.80% (31 December 2018: 3.75% to 5%) per annum.
- 14.2** This amount (term deposit) is held under a lien contract with JS Bank Limited at an interest rate of 9.5% in respect of the short term borrowing availed as referred to in note 7.1. This amount is held for a period of 1 year and cannot be utilized before maturity. The Company through the letter of lien has undertaken not to withdraw or call back the deposit until the finances availed by the Company are fully repaid/adjusted.
- 14.3** This includes balance of Rs. 127.28 million (31 December 2018: Rs. 32.73 million) with Askari Bank Limited, an associated undertaking.

		(Un-audited) 30 June 2019 Rupees	(Un-audited) 30 June 2018 Rupees
15 Cost of sales	Note		
Raw materials consumed		1,343,438,599	1,936,420,921
Salaries, wages and other benefits		131,539,375	152,431,647
Power and fuel		155,780,066	148,308,541
Packing materials consumed		923,053,427	1,390,846,138
Freight and forwarding		61,653,954	121,708,399
Stores and spares consumed		69,529,469	125,478,231
Repair and maintenance		33,544,167	86,661,692
Rent, rates and taxes		8,934,433	18,899,072
Depreciation on property, plant and equipment			
- Milk collection centres		31,815,944	27,844,680
- Production facility		284,407,054	267,953,095
Insurance		4,156,771	7,401,812
		3,047,853,259	4,283,954,228
Adjustment of work-in-process			
Opening stock		37,295,000	26,134,645
Closing stock	13	(49,547,168)	(240,521,582)
		(12,252,168)	(214,386,937)
Cost of goods manufactured		3,035,601,091	4,069,567,291
Adjustment of finished goods			
Opening stock		250,922,457	123,457,306
Closing stock	13	(336,231,100)	(505,420,655)
		(85,308,643)	(381,963,349)
		2,950,292,448	3,687,603,942



16 Marketing and distribution expense

This mainly includes advertisement expenses of Rs. 399.93 million (30 June 2018: Rs. 568.10 million) incurred during the period on brand development and promotion of the Company's products.

17 Other income

This includes an amount of Rs. 18.55 million (30 June 2018: Rs. 6.40 million) earned on account of interest / mark-up based deposits.

	Note	(Un-audited) 30 June 2019 Rupees	(Un-audited) 30 June 2018 Rupees
18 Finance cost			
Islamic mode of financing			
- Short term borrowings		52,472,412	5,281,499
Interest and mark-up on:			
- Long term finance		255,557,986	151,220,098
- Short term borrowings		310,215,189	90,297,480
- Loan from Parent Company		16,271,671	-
- Lease liabilities		31,151,442	4,375,063
Bank charges and commission		2,665,108	3,339,973
- Exchange loss / (gain)		70,608,611	26,240,243
		<u>738,942,419</u>	<u>280,754,356</u>
19 Taxation			
Current:			
- For the period	19.1	-	-
Deferred:			
- For the period		<u>206,602,474</u>	<u>198,522,906</u>
		<u>206,602,474</u>	<u>198,522,906</u>

19.1 In view of available tax losses under normal tax regime, the provision for current tax represents tax under "Minimum Tax" scheme under section 113, of Income Tax Ordinance, 2001. Current tax charge for the year has been restricted to zero due to availability of tax credit related to balancing, modernization and replacement of plant and machinery already installed under section 65B of the Income Tax Ordinance, 2001.

20 Related party transactions and balances

Related parties comprise of Parent Company, associated companies, directors, entities with common directorship, post employment plans and key management personnel. Balances are disclosed elsewhere in these interim financial statements. The Company in the normal course of business carries out transactions with related parties. Significant transactions with

Name of the Company	Relationship	Nature of transactions	(Un-audited)	(Un-audited)
			2019	2018
			Rupees	Rupees
<u>Associated Undertakings</u>				
Fauji Fertilizer Bin Qasim Limited (FFBL)	Parent - 50.59% (Shareholding and common directorship)	Salaries of seconded employees charged by related party	11,509,706	2,110,933
		Loan received	800,000,000	-
		Finance cost charged	16,271,671	-
		Repair & maintenance and building rent expense charged by related party	16,243,035	25,613,942
		Expense borne by the Company on behalf of related party	-	918,531
		Purchase of fixed assets from related party	-	3,500,000
Askari Bank Limited	Associated Undertaking (Common directorship)	Finance cost charged by related party	36,478,461	7,420,492
		Interest income on saving accounts	11,081,872	5,037,751
		Utilities expense paid on behalf of the related party	1,004,524	744,907
Fauji Meat Limited	Associated Undertaking (Common directorship)	Expense borne by the Company on behalf of related party	-	459,266
Fauji Security Services (Private) Limited	Associated Undertaking (Common directorship)	Expenses paid against security services	1,795,992	-
Employee's Provident Fund Trust	Post employee benefit plan - 1.62%	Contribution for the year	26,071,762	25,029,385
Mr. Salman Hayat Noon	Non-Executive Director	Consultancy fee expense	2,262,444	3,996,654
Directors		Meeting fee	3,695,000	1,509,450
Key Management Personnel		Remuneration and benefits	36,472,173	32,238,553

21 Financial risk management and fair value of financial instruments

21.1 The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 31 December 2018.

21.2 The following table shows the carrying amounts and fair values of financial instruments and non-financial instruments including their levels in the fair value hierarchy:



fauji foods

30 June 2019 (Un-audited)					
Carrying amount			Fair value		

Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
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Note

----- Rupees -----

**Financial instruments
30 June 2019**

Financial assets not
measured at fair value

Security deposits	132,436,398	-	132,436,398	-	-	-
Trade debts	191,982,924	-	191,982,924	-	-	-
Due from employees	8,306,715	-	8,306,715	-	-	-
Due from Associated Companies	348,142	-	348,142	-	-	-
Other receivables	237,057,930	-	237,057,930	-	-	-
Bank balances	671,364,184	-	671,364,184	-	-	-
21.1	<u>1,241,496,293</u>	<u>-</u>	<u>1,241,496,293</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial liabilities not
measured at fair value

Long term finances	-	4,450,000,000	4,450,000,000	-	-	-
Liabilities against assets subject to finance lease	-	463,310,880	463,310,880	-	-	-
Trade and other payables	-	656,000,171	656,000,171	-	-	-
Short term borrowing	-	7,070,349,496	7,070,349,496	-	-	-
Accrued finance cost	-	267,523,979	267,523,979	-	-	-
21.1	<u>-</u>	<u>12,907,184,526</u>	<u>12,907,184,526</u>	<u>-</u>	<u>-</u>	<u>-</u>

31 December 2018 (Audited)					
Carrying amount			Fair value		

Loans and receivables	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3
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Note

----- Rupees -----

**Financial instruments
31 December 2018**

Financial assets not
measured at fair value

Security deposits	129,053,715	-	129,053,715	-	-	-
Trade debts	124,573,265	-	124,573,265	-	-	-
Due from employees	5,454,374	-	5,454,374	-	-	-
Due from Associated Companies	308,895	-	308,895	-	-	-
Other receivables	601,111,088	-	601,111,088	-	-	-
Bank balances	98,221,298	-	98,221,298	-	-	-
21.1	<u>958,722,635</u>	<u>-</u>	<u>958,722,635</u>	<u>-</u>	<u>-</u>	<u>-</u>

Financial liabilities not
measured at fair value

Liabilities against assets subject to finance lease	-	434,571,549	434,571,549	-	-	-
Long term finances	-	4,450,000,000	4,450,000,000	-	-	-
Trade and other payables	-	1,136,809,987	1,136,809,987	-	-	-
Short term borrowing	-	4,991,083,521	4,991,083,521	-	-	-
Accrued finance cost	-	195,648,668	195,648,668	-	-	-
21.1	<u>-</u>	<u>11,208,113,725</u>	<u>11,208,113,725</u>	<u>-</u>	<u>-</u>	<u>-</u>

22 Reconciliation of movement of liabilities to cash flows arising from financing activities

	30 June 2019 (Un-audited)							
	Liabilities						Equity	
	Long term finances	Short term borrowings	Loan from Parent Company	Accrued finance cost	Liabilities against assets subject to finance lease	Unclaimed dividend	Share capital / share premium	
Balance as at 01 January 2019	4,450,000,000	4,991,083,521	-	195,648,668	434,571,549	965,752	7,209,412,827	17,281,682,317
Cash flows								
Short term borrowings repaid net of receipts	-	1,149,619,596	800,000,000	-	-	-	-	1,949,619,596
Repayment of lease rentals	-	-	-	-	(89,123,385)	-	-	(89,123,385)
Finance cost paid	-	-	-	(667,067,108)	-	-	-	(667,067,108)
Dividends paid	-	-	-	-	-	-	-	-
Total changes from financing cash flows	-	1,149,619,596	800,000,000	(667,067,108)	(89,123,385)	-	-	1,193,429,103
Other changes including non-cash								
Changes in running finances	-	929,646,379	-	-	133,686,254	-	-	1,063,332,633
Assets acquired on lease	-	-	-	-	-	-	-	-
Finance cost	-	-	-	668,333,808	-	-	-	668,333,808
Total liability related other changes	-	929,646,379	-	668,333,808	133,686,254	-	-	1,731,666,441
Closing as at 30 June 2019	4,450,000,000	7,070,349,496	800,000,000	196,915,368	479,134,418	965,752	7,209,412,827	20,206,777,861



30 June 2018 (Un-audited)								
	Liabilities					Equity		
	Long term finances	Short term borrowings	Loan from Parent Company	Accrued finance cost	Liabilities against assets subject to finance lease	Unclaimed dividend	Share capital / share premium	
Balance as at 01 January 2018	4,450,000,000	1,449,501,368	-	73,373,064	141,637,760	970,179	7,209,412,827	13,324,895,198
Cash flows								
Short term borrowings repaid net of receipts	-	549,999,175	-	-	-	-	-	549,999,175
Repayment of lease rentals	-	-	-	-	(18,194,432)	-	-	(18,194,432)
Finance cost paid	-	-	-	(241,425,859)	-	-	-	(241,425,859)
Dividends paid	-	-	-	-	-	(3,352)	-	(3,352)
Total changes from financing cash flows	-	549,999,175	-	(241,425,859)	(18,194,432)	(3,352)	-	290,375,532
Other changes including non-cash								
Changes in running finance	-	2,024,918,283	-	-	-	-	-	2,024,918,283
Assets acquired on lease	-	-	-	-	-	-	-	-
Finance cost	-	-	-	280,754,356	-	-	-	280,754,356
Total liability related other changes	-	2,024,918,283	-	280,754,356	-	-	-	2,305,672,639
Closing as at 30 June 2018	4,450,000,000	4,024,418,826	-	112,701,561	123,443,328	966,827	7,209,412,827	15,920,943,369

23 Date of authorization

These condensed interim financial statements has been approved by the Board of Directors of the Company and authorized for issue on 25 July, 2019.

24 General

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



Chairman



Chief Executive



Director



Chief Financial Officer



fauji foods

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