

NURTURING THE FUTURE



fauji foods

Condensed Interim
Financial Statements for the
NINE MONTHS ENDED
30 SEPTEMBER

2021





TABLE OF CONTENTS

■ Corporate Information _____	2-3
■ Directors' Report to the Shareholders _____	4-5
■ Directors' Report to the Shareholders in Urdu _____	6-7
■ Condensed Interim Statement of Financial Position _____	8-9
■ Condensed Interim Statement of Profit or Loss Account _____	10
■ Condensed Interim Statement of Other Comprehensive Income _____	11
■ Condensed Interim Statement of Changes in Equity _____	12
■ Condensed Interim Cash Flow Statement _____	13
■ Notes to the Condensed Interim Financial Statements _____	14-18

NINE MONTHS ENDED
30 SEPTEMBER

2021

CORPORATE **INFORMATION** BOARD OF DIRECTORS

- Mr. Sarfaraz Ahmed Rehman - Chairman**
- Mr. Muhammad Haseeb Aslam - CEO**
- Mr. Arif ur Rehman**
- Dr. Nadeem Inayat**
- Lt Col Abdul Khaliq Khan (Retd)**
- Syed Bakhtiyar Kazmi**
- Mr. Mohammad Munir Malik**
- Mr. Ali Asrar Hossain Aga**
- Mr. Basharat Ahmad Bhatti**
- Ms. Aminah Zahid Zaheer**
- Mr. Imran Husain**
- Mr. Javed Kureishi**





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Audit Committee

Mr. Javed Kureishi - Chairman
Dr. Nadeem Inayat
Mr. Ali Asrar Hossain Aga
Lt Col Abdul Khaliq Khan (Retd)
Syed Bakhtiyar Kazmi

HR & R Committee

Ms. Aminah Zahid Zaheer - Chairperson
Dr. Nadeem Inayat
Mr. Basharat Ahmad Bhatti
Mr. Muhammad Haseeb Aslam
Mr. Ali Asrar Hossain Aga

Shares Registrar

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

Registered Office

42 CCA, Ex-Park View,
DHA Phase - VIII, Lahore.
Tel: +92-42-37136310, 37136315-17
E-mail: info@faujifoods.com

Chief Financial Officer

Mr. Ebad Khalid

Company Secretary

Brig Hamid Mahmood Dar
SI(M), (Retd)

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisers

Qazi Imran Zahid
(Advocate Supreme Court)

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

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 nine months ended September 30, 2021.

Business Review

The Company registered a topline growth of 26% during nine months ended 2021 vs 2020, despite the challenging business / covid environment.

During Q3 2021, business activity continued to be impacted by covid-19 pandemic and imposition of related lockdowns and restrictions on business activities. However, the Company made effective efforts to ensure all safety measures, while maintaining our food supply chain, meeting our customer requirements and developing consumer demand.

The Company continues to consolidate gains and is further growing our business momentum and trajectory. The Company is shaping a successful business model by implementing a focused strategy which includes strengthening innovation/renovation, portfolio management, driving visibility and availability, working effectively with customers and distributors, strengthening our milk collecting system, and improving operational efficiency across our value chain.

During Q3, the company's input and overhead costs saw some pressure due to inflation. However, increased costs were managed through cost management initiatives which are being implemented across our value chain related to both variable and fixed costs. Our focus also remains on making NURPUR and DOSTEA the brands of people's choice. We are committed to create value and transform for improvement within the Company and for our stakeholders.

Financial Performance

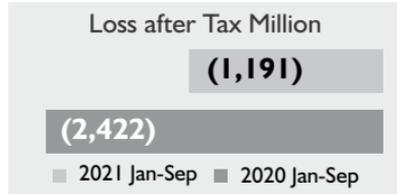
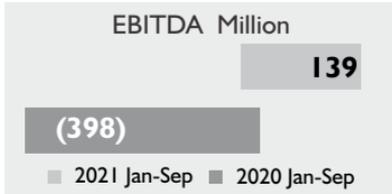
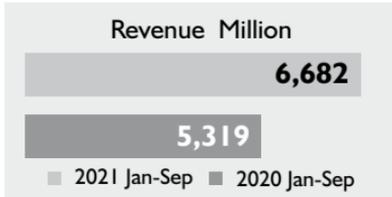
During the period under review, net revenue stood at Rs. 6,682 million (compared to Rs. 5,319 million same period last year), leading to gross profit of Rs. 813 million, which is 1,467% higher compared to gross loss of Rs. (60) million during corresponding period of last year.

The loss after tax for nine months ended 2021 reduced to Rs. (1,191) million, compared with Rs. (2,422) million in the corresponding period of last year (51% reduction).

<u>Amount Pkr Mn</u>	<u>Jan-Sep 2021</u>	<u>Jan-Sep 2020</u>	<u>Variance%</u>
Revenue	6,682	5,319	26%
Gross Profit/(Loss)	813	(60)	1,467%
EBITDA	139	(398)	135%
Loss after Tax	(1,191)	(2,422)	51%



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Increase in Authorized Share Capital and Issuance of Right Shares

Shareholders in their extraordinary general meeting held on July 28, 2021 approved through a special resolution an increase in Authorized Share Capital to 1,800 million shares of Rs. 10/- each from 1,000 million share of Rs. 10/- each.

Subsequently, on September 04 2021, the Board of the company approved issuance of Right Share at a right price of Rs. 10/- each with a right size of 97%. This step will help the company to reduce its debt burden and further strengthen its financial footing.

Future Outlook

The company is on the path to progress and recovery from its operating losses. The Company has entered into a growth phase with expansion in its Retail and Distribution footprint, Food Service customer base and portfolio to serve and delight consumers and customers. Cost optimization initiatives continue on the right path. Further enablers include our people capability and our growing emphasis on processes, technology and tools.

Despite the broader challenges and inflationary trends in the country, the management remains committed, dynamic and resilient to respond to these challenges with renewed strength and resilience in order to achieve its goals. Management continuously reviews and realigns 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

Sarfaraz Ahmed Rehman
Chairman

Muhammad Haseeb Aslam
Chief Executive Officer

Dated: October 22, 2021

ڈائریکٹران رپورٹ برائے نمبران

فوجی فوڈز لمیٹڈ کا بورڈ آف ڈائریکٹران 30 ستمبر، 2021 کو اختتام پزیر ہونے والے نو ماہی عرصہ کے لیے غیر آڈٹ شدہ عبوری مالیاتی حسابات پر ڈائریکٹران کی رپورٹ پیش کرتے ہوئے مسرت محسوس کر رہا ہے۔

کاروباری جائزہ

چیلینجنگ کاروباری / کوویڈ حالات کے باوجود کمپنی نے 2020 کے مقابلے میں 2021 کے نو ماہی عرصہ حسابات کی بالائی سطح میں 26% اضافہ درج کیا۔

2021 کی تیسری سہ ماہی کے دوران، کوویڈ-19 کی وبا اور متعلقہ لاک ڈاؤن کی وجہ سے کاروباری سرگرمی متاثر ہوتی رہی۔ تاہم کمپنی نے ہماری سپلائی چین کو برقرار رکھتے ہوئے، ہمارے گاہکوں کی ضروریات کو پورا کرنے اور صارفین کی مانگ میں اضافہ کرتے ہوئے، تمام حفاظتی اقدامات کو یقینی بنانے کے لیے موثر کوششیں کیں۔

کمپنی نو اڈ کو مستحکم کرتی رہتی ہے اور ہماری کاروباری رفتار اور خط حرکت کو مزید بڑھاتی رہی ہے۔ کمپنی ایک متنوع حکمت عملی کے ذریعے ایک کامیاب کاروباری نمونہ تشکیل دے رہی ہے جس میں جدت/ترتیب و آرائش، پورٹ فولیو مینجمنٹ، کارکردگی کی شفافیت اور دستیابی، صارفین اور ڈسٹری بیوٹروں کے ساتھ موثر طریقے سے کام کرنا، ہمارے دودھ اکٹھا کرنے کے نظام کو محفوظ بنانا اور ہماری ویلیو چین میں آپریشنل کارکردگی کو بہتر بنانا شامل ہے۔

Q3 کے دوران، کمپنی کے ان پٹ اور اوور ہیڈ اخراجات نے افراط زر کی وجہ سے کچھ دباؤ کا سامنا کیا۔ تاہم، لاگت کے انتظامی اقدامات کے ذریعے بڑھتے ہوئے اخراجات کا انتظام کیا گیا جو متغیر اور مقررہ اخراجات دونوں سے متعلق ہماری ویلیو چین میں لاگو کیا جا رہا ہے۔ ہماری توجہ نور پور اور دوسٹی کولوگوں کا پسندیدہ برانڈ بنانے پر بھی مرکوز ہے۔ ہم کمپنی میں اپنے وابستگان کے لیے قدر پیدا کرنے اور تبدیلیاں لانے کے لیے پرعزم ہیں۔

مالیاتی کارکردگی

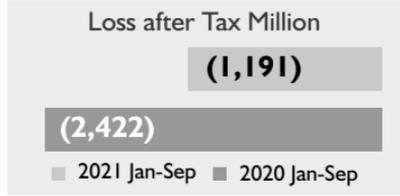
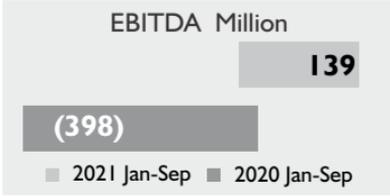
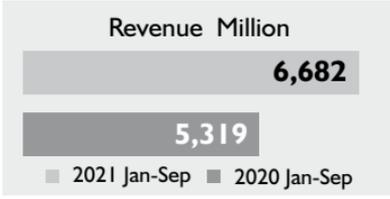
زیر جائزہ مدت کے دوران خالص فروخت 6,682 ملین روپے رہی (سابقہ سال کے اسی عرصہ میں 5,319 ملین روپے کے مقابلے میں) جس سے خام منافع 813 ملین روپے رہا جو گزشتہ سال کے اسی عرصہ کے دوران مجموعی خسارے (60 ملین روپے) کے مقابلے میں 1,467 فیصد زیادہ ہے۔

2021 کے نو ماہی عرصہ میں بعد از ٹیکس نقصان گزشتہ سال اسی مدت میں ہونے والے (2,422) ملین روپے کے مقابلے میں کم ہو کر (1,191) ملین روپے رہ گیا (51 فیصد کمی)۔

رقم ملین روپے	جنوری تا ستمبر 2021 ملین روپے	جنوری تا ستمبر 2020 ملین روپے	تغیر (%)
خالص فروخت	6,682	5,319	26%
خام منافع (نقصان)	813	(60)	1,467%
EBITDA	139	(398)	135%
بعد از ٹیکس نقصان	(1,191)	(2,422)	51%



fauji foods



مجاز سرمائے میں اضافہ اور رائٹ حصص کا اجراء

حصص یافتگان نے 28 جولائی 2021 کو منعقد ہونے والے اپنے غیر معمولی اجلاس عام میں ایک خصوصی قرارداد کے ذریعے مجاز سرمائے میں دس روپے فی حصہ مالیت کے 1,000 ملین حصص کو دس روپے فی حصہ مالیت کے 1,800 ملین حصص کرنے کے اضافے کی منظوری دی۔

اس کے بعد 4 ستمبر 2021 کو کمپنی کے بورڈ نے دس روپے فی حصہ مالیت کے 97% رائٹ حصص کے اجراء کی منظوری دی۔ یہ قدم کمپنی کو اپنے قرضوں کے بوجھ کو کم کرنے اور اپنی مالی بنیاد کو مزید مضبوط بنانے میں مدد دے گا۔

مستقبل کی پیش گوئی

کمپنی ترقی اور آپریٹنگ نقصانات سے بحالی کی راہ پر گامزن ہے۔ کمپنی اپنے خوردہ اور ڈسٹری بیوشن کے نقش پا، فوڈ سروس بزنس کی توسیع اور صارفین اور گاہکوں کی خدمت اور خوشی کے لیے پورٹ فولیو میں توسیع کے ساتھ ترقی کے مرحلے میں داخل ہو چکی ہے۔ لاگت کی اصلاح کے اقدامات صحیح راستے پر جاری ہیں۔ مزید فعالیت میں ہمارے لوگوں کی صلاحیت، عملیت، ٹیکنالوجی اور آلات پر ہماری بڑھتی ہوئی توجہ شامل ہے۔

انتظامیہ اپنے مقاصد کے حصول کے لیے نئی طاقت اور جذبے کے ساتھ چیلنجوں کا مقابلہ کرنے کے لیے پرعزم، متحرک اور لچکدار رہتی ہے۔ انتظامیہ کمپنی کے کاروبار کو منافع بخش بنانے کے لیے کاروباری حکمت عملیوں کا مسلسل جائزہ لیتی اور ترتیب نو کرتی رہتی ہے۔

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

Sarfraz Ahmad Rehman

سرفراز احمد رحمان
چیئر مین

Muhammad Asim

محمد حبیب اسلم
چیف ایگزیکٹو آفیسر

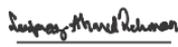
مورخہ : 22 اکتوبر 2021

NINE MONTHS ENDED
30 SEPTEMBER

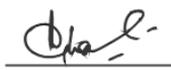
2021

Condensed Interim
Statement of Financial Position
As at 30 September 2021

EQUITY AND LIABILITIES	Note	(Un-audited) 30 September 2021 Rupees	(Audited) 31 December 2020 Rupees
<u>Share capital and reserves</u>			
Authorized capital 1,800,000,000 (31 December 2020: 1,000,000,000) ordinary shares of Rs 10 each		18,000,000,000	10,000,000,000
Issued, subscribed and paid up share capital		8,032,935,630	8,032,935,630
Capital reserves			
Share premium	5	1,909,115,527	1,922,317,157
Surplus on revaluation of property, plant and equipment - net of tax		1,217,098,338	1,243,724,345
		3,126,213,865	3,166,041,502
Revenue reserve			
Accumulated loss		(16,352,131,974)	(15,187,985,634)
		(5,192,982,479)	(3,989,008,502)
<u>Non-current liabilities</u>			
Long term loans		6,000,763,179	6,117,124,491
Lease liabilities		143,824,521	187,399,528
Deferred liabilities		79,281,380	77,169,944
		6,223,869,080	6,381,693,963
<u>Current liabilities</u>			
Short term borrowings		1,944,230,249	1,875,297,551
Loan from Parent Company		5,925,000,000	5,925,000,000
Current portion of long term loans		50,457,821	50,457,824
Current portion of lease liabilities		62,710,160	67,330,169
Trade and other payables		800,814,213	873,500,682
Unclaimed dividend		965,752	965,752
Accrued finance cost		1,349,266,634	533,632,385
Provision for taxation		111,850,027	14,316,124
		10,245,294,856	9,340,500,487
Contingencies and commitments	6		
		11,276,181,457	11,733,185,948


Chairman


Chief Executive Officer

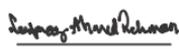

Director


Chief Financial Officer

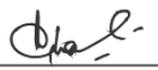
Condensed Interim
Statement of Financial Position
As at 30 September 2021



	(Un-audited) 30 September 2021 Rupees	(Audited) 31 December 2020 Rupees
ASSETS	Note	
<u>Non-current assets</u>		
Property, plant and equipment	7	7,178,944,805
Intangible assets		7,550,092,840
Security deposits		20,353,143
		6,606,122
		7,191,818,399
 <u>Current assets</u>		
Stores, spares and loose tools		193,470,514
Stock-in-trade		826,847,645
Trade debts		626,882,473
Loans and advances		103,244,523
Deposits, prepayments and other receivables		95,445,188
Due from associated companies		5,868,457
Sales tax refundable - net		611,795,552
Income tax recoverable		1,358,882,888
Cash and bank balances		261,925,818
		4,084,363,058
		191,143,537
		543,982,813
		350,850,105
		151,199,690
		76,170,474
		2,878,540
		636,649,383
		1,314,371,072
		888,888,229
		4,156,133,843
		11,276,181,457
		11,733,185,948


Chairman


Chief Executive Officer


Director


Chief Financial Officer

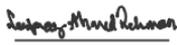
NINE MONTHS ENDED
30 SEPTEMBER

2021

Condensed Interim Statement of
Profit or Loss (Un-Audited)
For the Nine Months ended 30 September 2021

	For the nine months ended		For the quarter ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	----- Rupees -----		----- Rupees -----	
Revenue from contracts with customers - Net	6,682,324,203	5,319,065,655	2,189,756,693	2,090,489,415
Cost of revenue	(5,869,141,506)	(5,378,551,388)	(1,921,736,886)	(2,040,640,106)
Gross (loss)/ profit	813,182,697	(59,485,733)	268,019,807	49,849,309
Marketing & distribution expenses	(748,287,920)	(648,022,616)	(260,958,822)	(212,089,926)
Administrative expenses	(268,673,129)	(276,524,887)	(92,912,679)	(94,010,544)
Loss from operations	(203,778,352)	(984,033,236)	(85,851,694)	(256,251,161)
Other income	67,374,288	79,781,329	5,942,769	48,344,739
Other expenses	-	(25,751,015)	-	(25,221,985)
Finance cost	(956,834,380)	(1,418,138,441)	(324,192,624)	(374,406,657)
Loss before taxation	(1,093,238,444)	(2,348,141,363)	(404,101,549)	(607,535,064)
Taxation	(97,533,903)	(73,480,402)	(28,381,836)	(34,852,001)
Loss for the period	(1,190,772,347)	(2,421,621,765)	(432,483,385)	(642,387,065)
Loss per share - basic and diluted	(1.48)	(3.01)	(0.54)	(0.80)

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


Chairman


Chief Executive Officer


Director


Chief Financial Officer

Condensed Interim Statement of
Comprehensive Income
(Un-Audited)
For the Nine Months ended 30 September 2021



	For the nine months ended		For the quarter ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	----- Rupees -----		----- Rupees -----	
Loss for the period	(1,190,772,347)	(2,421,621,765)	(432,483,385)	(642,387,065)
 <u>Other comprehensive income for the period</u>				
<i>Items that will not be reclassified to profit and loss account:</i>				
Total comprehensive loss for the period	(1,190,772,347)	(2,421,621,765)	(432,483,385)	(642,387,065)

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


Chairman


Chief Executive Officer


Director


Chief Financial Officer

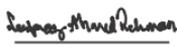
NINE MONTHS ENDED
30 SEPTEMBER

2021

Condensed Interim Statement of
Changes In Equity (Un-Audited)
For the Nine Months ended 30 September 2021

	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 2020 (audited)	5,284,071,920	1,925,340,907	1,309,417,781	(12,196,616,692)	(3,677,786,084)
Total comprehensive loss for the period	-	-	-	(2,421,621,765)	(2,421,621,765)
Conversion of debt to equity					
Parent loan	2,630,000,000	-	-	-	2,630,000,000
Accrued Markup	118,863,714	-	-	-	118,863,714
Share issuance cost	-	(3,023,750)	-	-	(3,023,750)
	2,748,863,714	(3,023,750)	-	-	2,745,839,964
Surplus transferred to accumulated losses					
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	(49,218,031)	49,218,031	-
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	-	-	-
	-	-	(49,218,031)	49,218,031	-
Balance as at 30 September 2020 (unaudited)	8,032,935,634	1,922,317,157	1,260,199,750	(14,569,020,426)	(3,353,567,885)
Balance as at 01 January 2021 (audited)	8,032,935,630	1,922,317,157	1,243,724,345	(15,187,985,634)	(3,989,008,502)
Total comprehensive loss for the period	-	-	-	(1,190,772,347)	(1,190,772,347)
Surplus transferred to accumulated losses					
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	(26,626,007)	26,626,007	-
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	-	-	-
	-	-	(26,626,007)	26,626,007	-
Share Issuance Cost on Increase in authorized Capital	-	(13,201,630)	-	-	(13,201,630)
Balance as at 30 September 2021 (un-audited)	8,032,935,630	1,909,115,527	1,217,098,338	(16,352,131,974)	(5,192,982,479)

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


Chairman


Chief Executive Officer


Director

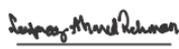

Chief Financial Officer

**Condensed Interim Statement
Of Cash Flow (Un-Audited)**
For the Nine Months ended 30 September 2021

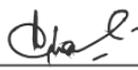


	For the nine months ended	
	30 September 2021 Rupees	30 September 2020 Rupees
<u>Cash flows from operating activities</u>		
Loss before taxation	(1,093,238,444)	(2,348,141,363)
<i>Adjustments for non-cash items:</i>		
Depreciation on property, plant and equipment	328,639,371	571,469,222
Amortization of intangible assets	14,085,672	14,345,196
Gain on disposal of property, plant and equipment	(38,584,226)	(32,589,471)
Profit on bank deposits	(9,738,295)	(33,312,631)
Write off of stocks	-	25,221,985
Provision for employee retirement benefits	18,910,662	24,687,157
Finance cost	956,834,380	1,418,138,441
Loss before working capital changes	176,909,120	(360,181,464)
<u>Effect on cash flow due to working capital changes</u>		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(2,326,977)	39,817,047
Stock-in-trade	(282,865,121)	593,633,864
Trade debts	(276,031,895)	(155,305,888)
Loans and advances	47,954,690	(49,683,149)
Deposits, prepayments and other receivables	(19,274,403)	34,202,865
Due from Associated Companies	(2,989,460)	-
Sales tax refundable	24,853,383	(30,879,741)
<i>Decrease/ (increase) in current liabilities:</i>		
Trade and other payables	(72,686,469)	(58,281,350)
	(583,366,252)	373,503,648
Cash used in operations	(406,457,132)	13,322,184
Income tax paid	(44,511,928)	(146,363,021)
Employee retirement benefits paid	(16,798,944)	(7,501,948)
Net cash used in operating activities	(467,768,004)	(140,542,785)
<u>Cash flow from investing activities</u>		
Fixed capital expenditure	(33,197,195)	(134,883,576)
Income on bank deposits received	9,738,295	33,312,631
Sale proceeds from disposal of property, plant and equipment	114,290,194	47,886,766
Net cash used in investing activities	90,831,294	(53,684,179)
<u>Cash flow from financing activities</u>		
Short term borrowings - net	268,841	(19,730,948)
Term Loan - net	(116,361,315)	(174,083,667)
Finance cost paid	(141,199,385)	(1,434,463,613)
Parent Company loan converted to equity	-	2,748,863,714
Share issuance cost	(13,201,157)	(3,023,750)
Lease rentals paid	(48,195,016)	(115,060,472)
Loan received from Parent Company	-	1,696,372,136
Net cash generated from financing activities	(318,688,032)	2,698,873,400
Net increase / (decrease) in cash and cash equivalents	(695,624,742)	2,504,646,436
Cash and cash equivalents - at beginning of the period	(757,278,882)	(7,658,114,779)
Cash and cash equivalents - at end of the period	(1,452,903,624)	(5,153,468,343)
<i>Cash and cash equivalents comprise of the following:</i>		
- Cash and bank balances	261,925,818	318,179,803
- Running finances	(1,714,829,442)	(5,471,648,146)
	(1,452,903,624)	(5,153,468,343)

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


Chairman


Chief Executive Officer


Director


Chief Financial Officer

I LEGAL STATUS AND OPERATIONS

Fauji Foods Limited (the Company) was incorporated in Pakistan on 26 September 1966 as a Public Company under the Companies Act, 1913 (now the Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange. The Company is a subsidiary of Fauji Fertilizer Bin Qasim Limited (the Parent Company). The Company is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products. Following are the business units of the Company along with their respective locations:

BUSINESS UNIT

LOCATION

Production Plant

Bhalwal, District Sargodha

Registered Office and Head Office

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

2 Basis of preparation and statement of compliance

2.1 Statement of compliance

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

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

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

2.2 This condensed interim financial statements comprises the condensed interim statement of financial position of the Company as at 30 September 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows together with the notes forming part thereof.

2.3 This condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements



for the year ended 31 December 2020 and unaudited financial statements for the half year ended 30 June, 2021. Comparative condensed interim statement of financial position is stated from annual audited financial statements as of 31 December 2020, 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 nine months' period ended 30 September 2020.

- 2.4** 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.
- 2.5** The condensed interim financial statements have been prepared under the historical cost convention except for recognition of certain employees' retirement benefits at present value. These condensed interim financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest Pak rupee unless otherwise stated.
- 2.6** Provisions in respect of Employee retirement benefits and Taxation are estimated based on management judgment and prevailing laws, these are subject to final adjustments in the annual audited financial statements.

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 2020.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the adoption of

amendments to standards effective as of 1 January 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Following amendments apply for the first time in 2021, but do not have an impact on the condensed interim financial statements of the Company.

4.2 New / Revised Standards, Interpretations and Amendments

Covid-19-Related Rent Concessions beyond 30 June 2021 - Amendment to IFRS 16;

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

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. During the period ended, Company utilized reserve against share issuance cost resulting from increase in authorized capital.

6 Contingencies and commitments

6.1 Contingencies

The Company has issued following guarantees:

Guarantees aggregating to Rs.14.78 million (31 December 2020: Rs.14.78 million) have been issued by banks of the Company to Sui Northern Gas Pipeline Ltd, Pakistan State Oil and Controller Naval Account.

Other than one stated above 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 2020.

6.2 Commitments

Commitments, for capital expenditure, against irrevocable letters of credit outstanding at the period end were for Rs. Nil (31 December 2020: Nil).

Commitments, for purchase of raw/ packing material, outstanding at the period end were Rs. 0.82 million (31 December 2020: Nil).



fauji foods

		(Un-audited)	(Audited)
		30 September 2021	31 December 2020
	Note	Rupees	Rupees
7 Property, plant and equipment			
Operating fixed assets	7.1	6,955,810,081	7,326,713,116
Capital work in process	7.2	223,134,724	223,379,724
		<u>7,178,944,805</u>	<u>7,550,092,840</u>
7.1 Operating fixed assets			
Net book value at beginning of the period / year		7,326,713,116	7,864,982,570
Additions / transfers from capital work in progress during the period / year		33,442,530	180,420,285
Disposals during the period / year		(75,706,194)	(68,824,308)
Depreciation charged during the period / year		(328,639,371)	(650,884,534)
Net book value at end of the period/ year		<u>6,955,810,081</u>	<u>7,326,713,116</u>
7.2 Capital work in progress			
Plant and machinery		223,134,724	223,379,724
		<u>223,134,724</u>	<u>223,379,724</u>

8 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. The Company in the normal course of business carries out transactions with related parties. Significant transactions with related parties are as follows:

Name of the Company	Relationship	Nature of transactions	(Un-audited)	(Un-audited)
			Sep 2021 Rupees	Sep 2020 Rupees
ASSOCIATED UNDERTAKINGS				
Fauji Fertilizer				
Bin Qasim Limited (FFBL)	Parent - 67.5% (Shareholding and common directorship)	Loan received	-	1,696,372,136
		Finance cost charged	407,432,122	233,563,087
		TA/DA, building rent and other expense charged by related party	104,641	692,966
		Expense of IT facilities charged by related party	4,500,000	4,500,000
		Share issuance against debt and accrued markup	-	2,748,863,714

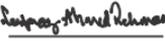
Name of the Company	Relationship	Nature of transactions	(Un-audited)	(Un-audited)
			Sep 2021	Sep 2020
			Rupees	Rupees
Fauji Foundation	Associated Undertaking - 8.39% (Shareholding and common directorship)	Management shared services charged by related party	3,659,467	-
		TA/DA and boarding expenses charged by related party	1,446,725	-
Askari Bank Limited	Associated Undertaking (Common directorship)	Finance cost charged by related party	16,579,905	76,672,244
		Interest income on saving accounts	6,893,360	3,079,188
Fauji Security Services (Private) Limited	Associated Undertaking (Common directorship)	Expenses paid against security services	232,000	1,532,400
Noon Sugar Mills Limited	Associated Undertaking (Common directorship)	Purchase of sugar	35,006,520	36,116,400
FFBL Power Company Limited	Associated Undertaking (Common directorship)	Purchase of Coal	61,086,088	15,834,720
Fauji Cereals	Associated Undertaking (Common directorship)	Purchase of Goods	-	2,268,475
		Salary of Personnel charged to the related party	4,938,165	-
		TA/DA and rent of shared space and other expenses charged to the related party	442,458	-
Employee's Provident Fund Trust	Post employee benefit plan	Contribution for the year	38,415,756	35,365,493
Directors		Meeting fee	9,715,000	6,075,000
Key Management Personnel		Remuneration and benefits	76,879,857	58,266,501

9 Date of authorization

These condensed interim financial statements has been approved by the Board of Directors of the Company and authorized for issue on October 22, 2021.

10 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 Officer


Director


Chief Financial Officer



fauji foods

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