

# A HERITAGE OF PURE DAIRY

Condensed Interim  
Financial Statements for the

HALF YEAR ENDED  
30 JUNE

# 2022



fauji foods



## TABLE OF CONTENTS

|  |       |
|--|-------|
| ■ Corporate Information _____  | 2-3   |
| ■ Directors' Report<br>to the Shareholders _____                     | 4-5   |
| ■ Directors' Report<br>to the Shareholders in Urdu _____             | 6-8   |
| ■ Auditor's Report _____   | 09    |
| ■ Condensed Interim<br>Statement of Financial Position _____         | 10-11 |
| ■ Condensed Interim Statement of<br>Profit or Loss Account _____     | 12    |
| ■ Condensed Interim<br>Statement of Other Comprehensive Income _____ | 13    |
| ■ Condensed Interim<br>Statement of Changes in Equity _____          | 14    |
| ■ Condensed Interim<br>Statement of Cash Flows _____                 | 15-16 |
| ■ Notes to the Condensed Interim<br>Financial Statements _____       | 17-26 |

HALF YEAR ENDED  
30 JUNE

2022

## CORPORATE **INFORMATION**

### BOARD OF DIRECTORS

**Mr. Sarfaraz Ahmed Rehman - Chairman**

**Mr. Arif ur Rehman**

**Dr. Nadeem Inayat**

**Syed Bakhtiyar Kazmi**

**Brig. Dr. Samia Iram (Retd)**

**Mr. Ali Asrar Hossain Aga**

**Mr. Basharat Ahmad Bhatti**

**Mr. Imran Husain**

**Mr. Javed Kureishi**





fauji foods

### **Audit Committee**

Mr. Javed Kureishi - Chairman  
Syed Bakhtiyar Kazmi  
Mr. Basharat Ahmad Bhatti  
Dr. Nadeem Inayat

### **HR & R Committee**

Mr. Ali Asrar Hossain Aga - Chairman  
Dr. Nadeem Inayat  
Mr. Imran Husain  
Mr. Arif ur Rehman  
Brig. Dr. Samia Iram (Retd)

### **Operation and Business Committee**

Mr. Ali Asrar Hossain Aga - Chairman  
Dr. Nadeem Inayat  
Mr. Imran Husain  
Mr. Sarfaraz Ahmed Rehman

### **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

### **Registered Office**

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

### **Chief Executive Officer**

Mr. Usman Zaheer Ahmad

### **Chief Financial Officer**

Mr. Waseem Haider

### **Company Secretary**

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

### **Auditors**

EY Ford Rhodes  
Chartered Accountants

### **Legal Advisers**

Gazi Imran Zahid  
Advocate Supreme Court

### **Website**

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

### **Plant**

Bhalwal, District Sargodha.

### **Bankers**

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

HALF YEAR ENDED  
30 JUNE

# 2022 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 half year ended June 30, 2022.

## **Business Review**

During Q2 2022, there was a challenging inflationary environment in the country, which, along with unprecedented rupee devaluation, has adversely impacted all cost components of the dairy industry.

Driven by a sharp lean season due to early & intense heat wave, massive inflation & a significant rupee devaluation, dairy industry witnessed a severe milk shortage that led to an unprecedented increase in raw milk prices. Additionally; Diesel, Furnace Oil, Coal and hydrogenated Palm Oil (HPO) also witnessed a sharp upwards price increases in last few months. Sales Tax application on already declining Tea Creamer category has impacted our category margins & volumes.

Despite of these headwinds, the Company registered a topline growth of 13.2% in the Q2, 2022 as compared to same period last year.

With our relentless focus on growth of UHT milk, we are happy to report that Nurpur UHT milk performed exceptionally well during period under review, registering 51% growth from same period last year.

## **Financial Performance**

Despite choppy waters, during the half year ended June 2022, net sales showed a healthy growth of 7% as compared to same period last year. Net sales stood at Rs 4,797 million compared to same period last year sales of Rs 4,493 million.

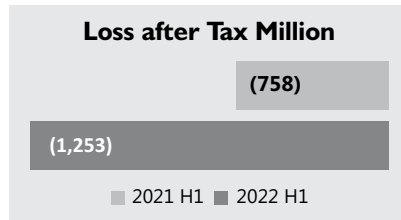
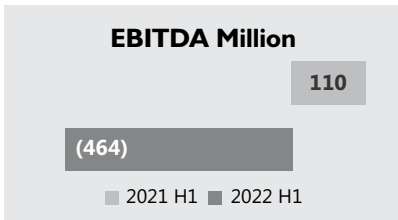
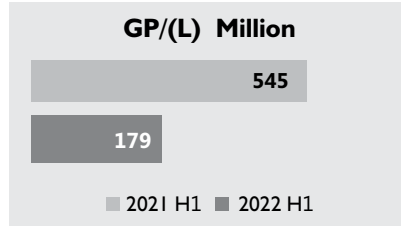
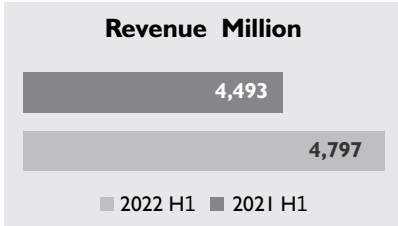
Cost pressures have chipped away at the Gross Profit of the company. Gross profit for the period is Rs. 179 million, compared to Rs 545 million during the corresponding period of last year. The company has started multiple cost efficiency and margin improvement initiatives which should start kicking in from H2 of 2022.

The loss after tax for the period stood at Rs (1,253) million compared with a loss of Rs (758) million in the corresponding period of last year.

| <b>Amount Pkr Mn</b> | <b>H1 2022</b> | <b>H1 2021</b> | <b>Variance%</b> |
|----------------------|----------------|----------------|------------------|
| Revenue              | 4,797          | 4,493          | 7%               |
| Gross Profit         | 179            | 545            | (67)%            |
| EBITDA               | (464)          | 110            | (520)%           |
| Loss after Tax       | (1,253)        | (758)          | (65)%            |



fauji foods



### Future Outlook

Despite the ongoing economic uncertainty, consistent growth in volumes and revenues coupled with multiple cost & efficiency initiatives are expected to positively impact the Q4 2022 margins. We feel confident that the company's margin restructuring is on the right track.

FFL is continuously working to improve its operations. It has restructured its Route to Market, plans to add digital business solutions with sales automation, and is undertaking resource & efficiency optimization. These initiatives will go a long way in helping the Company recover from the current inflationary pressure and build sustainable margin & growth platforms for future.

Despite the evolving & challenging economic scenario, both internationally & locally, the inelastic nature of dairy products remains the mainstay around which we build our strategies to not only mitigate market movements but also to effectively grow our business profitably.

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

**Sarfaraz Ahmed Rehman**  
Chairman

**Usman Zaheer Ahmad**  
Chief Executive Officer

Dated: July 22, 2022

## ڈائریکٹرز کی حصص داران کو رپورٹ

فوجی فوڈز لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 جون 2022 کو ختم ہونے والی ششماہی کے لیے محمد غیر آڈٹ شدہ عبوری مالیاتی حسابات پر ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### کاروباری جائزہ

Q2 2022 کے دوران، ملک میں مہنگائی کا ایک چیلنجنگ ماحول تھا، جس نے روپیہ کی قدر میں بے مثال کمی کے ساتھ، ڈیپری انڈسٹری کے تمام لاگتی اجزا کو بری طرح متاثر کیا ہے۔

قبل از وقت شدید گرمی کی لہر، بڑے پیمانے پر مہنگائی اور روپیہ کی قدر میں نمایاں کمی، شدید قلت کے سیزن کی وجہ سے، ڈیپری انڈسٹری کو دودھ کی قلت کا سامنا کرنا پڑا جس کی وجہ سے خام دودھ کی قیمتوں میں بے مثال اضافہ ہوا۔ اس کے علاوہ؛ ڈیزل، فرنس آئل، کونکر اور ہائیڈروجنیٹڈ پام آئل (HPO) کی قیمتوں میں بھی پچھلے چند مہینوں میں تیزی سے اضافہ دیکھنے میں آیا ہے۔ پہلے سے ہی گھٹتی ہوئی ٹی کریبر کیٹگری پر سیلز ٹیکس کے نفاذ نے ہمارے کیٹگری مارجن اور حجم کو متاثر کیا ہے۔

ان خرابیوں کے باوجود، کمپنی نے گزشتہ سال کی اسی مدت کے مقابلے Q2، 2022 میں 13.2% کی ٹاپ لائن نمودار کی۔ UHT دودھ کی نمو پر ہماری انتھک توجہ کے ساتھ، ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ نور پور UHT دودھ نے زیر جائزہ مدت کے دوران غیر معمولی کارکردگی کا مظاہرہ کیا، گزشتہ سال کی اسی مدت کے مقابلے میں 51% نمودار کی ہے۔

### مالیاتی کارکردگی

مشکل حالات کے باوجود، جون 2022 کو ختم ہونے والی ششماہی کے دوران، خالص فروخت نے گزشتہ سال کی اسی مدت کے مقابلے 7% کی صحت مند نمونہ ہر کی ہے۔ خالص فروخت گزشتہ سال کی اسی مدت کی فروخت 4,493 ملین روپے کے مقابلے 4,797 ملین روپے رہی ہے۔ لاگت کے دباؤ نے کمپنی کے مجموعی منافع میں کمی کی ہے۔ مجموعی منافع گزشتہ سال کی اسی مدت کے دوران 545 ملین روپے کے مقابلے میں 179 ملین روپے ہوا۔ کمپنی نے اخراجات بچانے اور منافع کو بہتر بنانے کے متعدد اقدامات کئے ہیں جو 2022 کی دوسری ششماہی میں شروع ہونے چاہئیں تھے۔

گزشتہ سال کی اسی مدت میں (758) ملین روپے کے نقصان کے مقابلے میں موجودہ مدت کے لیے بعد از ٹیکس نقصان (1,253) ملین روپے رہا۔

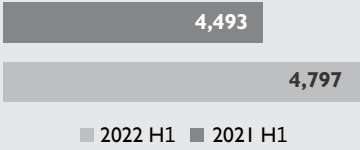


fauji foods

## رقوم پاکستانی روپے بلین میں

| فرق فیصد | H1 2021 | H1 2022 |                   |
|----------|---------|---------|-------------------|
| 7%       | 4,493   | 4,797   | آمدنی             |
| (67)%    | 545     | 179     | مجموعی منافع      |
| (520)%   | 110     | (464)   | EBITDA            |
| (65)%    | (758)   | (1,253) | بعد از ٹیکس نقصان |

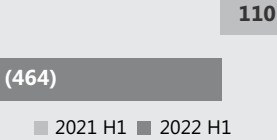
### Revenue Million



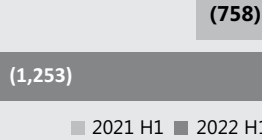
### GP/(L) Million



### EBITDA Million



### Loss after Tax Million



## مستقبل کا نقطہ نظر

جاری اقتصادی غیر یقینی کے باوجود، لاگت بچانے اور کارکردگی کے متعدد اقدامات کے ساتھ حجم اور آمدنی میں مسلسل نمو سے Q4 2022 کے مارجن پر مثبت اثرات پڑنے کی توقعات ہیں۔ ہمیں یقین ہے کہ کمپنی کے مارجن کی تعمیر نو درست ٹریک پر ہے۔


اپنے آپریشنز کو بہتر بنانے کے لیے مسلسل کام کر رہا ہے۔ اس نے اپنے روٹ ٹو مارکیٹ کی تنظیم نو کی ہے، سیلز انویشن کے ساتھ ڈیجیٹل کاروباری حل شامل کرنے کا ارادہ رکھتی ہے، اور وسائل اور کارکردگی کو بہتر بنانے کا کام کر رہی ہے۔ یہ اقدامات کمپنی کو موجودہ افراط زر کے دباؤ سے نکالنے اور مستقبل کے لیے پائیدار مارجن اور ترقی کے پلیٹ فارم تعمیر کرنے میں مدد فراہم کریں گے۔




HALF YEAR ENDED  
30 JUNE

2022

ترقی پذیر اور چیلنجنگ معاشی منظر نامے کے باوجود، بین الاقوامی اور مقامی طور پر، ڈیری مصنوعات کی غیر یکدہ بنیادی نوعیت بنیاد بنی ہوئی ہے جس کے ارد گرد ہم نہ صرف مارکیٹ کی نقل و حرکت کو کم کرنے بلکہ اپنے کاروبار کو موثر طریقے سے نفع بخش بنانے کے لیے اپنی حکمت عملی بناتے ہیں۔  
بورڈ قابل قدر حصص داران کا ان کے اعتماد اور کمپنی کے ساتھ مسلسل تعاون کے لیے شکریہ ادا ہے۔

  
عثمان ظہیر احمد  
چیف ایگزیکٹو آفیسر

  
سرفراز احمد رحمان  
چیرمین

بتاریخ: 22 جولائی 2022

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF FAUJI FOODS LIMITED  
Report on review of Interim Financial Statements**



**Report on review of Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim statements of financial position of **Fauji Foods Limited** as at **30 June 2022** and the related condensed interim statement of profit or loss, condensed interim statement of 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 "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 interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

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

**Other Matter**

The figures of the condensed interim statement of profit or loss, condensed interim statement of other comprehensive income and related notes for the quarter ended 30 June 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 30 June 2022.

The engagement partner on the audit resulting in this independent auditor's review report is Ahsan Shahzad.

Date: 19 August 2022  
Place : Lahore  
UDIN : RR202210079HUKZiMmzw

**EY Ford Rhodes**  
Chartered Accountants

HALF YEAR ENDED  
30 JUNE

2022

**Condensed Interim  
Statement of Financial Position**  
As at 30 June 2022

| <b>EQUITY AND LIABILITIES</b>  | <b>Note</b> | <b>(Un-audited)<br/>30 June<br/>2022<br/>Rupees</b> | <b>(Audited)<br/>31 December<br/>2021<br/>Rupees</b> |
|--|-------------|---|--|
| <b><u>Share capital and reserves</u></b>   |             |   |  |
| Authorized capital<br>1,800,000,000 (31 December 2021: 1,800,000,000)<br>ordinary shares of Rs 10 each |             | <b>18,000,000,000</b>                               | 18,000,000,000                                       |
| Issued, subscribed and paid up share capital   |             | <b>15,840,881,590</b>                               | 15,840,881,590                                       |
| <b>Capital reserves</b>  |             |   |  |
| Share premium  |             | <b>1,851,648,754</b>                                | 1,854,498,097  |
| Surplus on revaluation of property, plant<br>and equipment - net of tax                                |             | <b>2,178,771,426</b>                                | 2,225,644,056  |
| <b>Revenue reserve</b>   |             |   |  |
| Accumulated loss   |             | <b>(17,602,104,960)</b>                             | (16,395,504,505)                                     |
|  |             | <b>2,269,196,810</b>                                | 3,525,519,238  |
| <b><u>Non-current liabilities</u></b>  |             |   |  |
| Long term loans  | 4           | <b>5,711,522,816</b>                                | 5,988,149,276  |
| Lease liabilities  |             | <b>92,800,612</b>                                   | 129,188,382  |
| Deferred liabilities   |             | <b>78,268,399</b>                                   | 75,255,499   |
|  |             | <b>5,882,591,827</b>                                | 6,192,593,157  |
| <b><u>Current liabilities</u></b>  |             |   |  |
| Short term borrowings  | 5           | <b>1,932,564,479</b>                                | 1,933,798,755  |
| Current portion of long term loans   |             | <b>301,855,373</b>                                  | 50,457,825   |
| Current portion of lease liabilities   |             | <b>66,815,148</b>                                   | 61,803,007   |
| Trade and other payables   | 6           | <b>1,446,355,364</b>                                | 889,174,367  |
| Contract liabilities   |             | <b>104,467,422</b>                                  | 106,149,269  |
| Unclaimed dividend   |             | <b>965,752</b>                                      | 965,752  |
| Accrued finance cost   | 7           | <b>1,228,716,109</b>                                | 1,267,924,682  |
| Provision for taxation   |             | <b>197,685,140</b>                                  | 136,357,747  |
|  |             | <b>5,279,424,787</b>                                | 4,446,631,404  |
| <b>Contingencies and commitments</b>   | 8           |   |  |
|  |             | <b>13,431,213,424</b>                               | 14,164,743,799                                       |

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer



fauji foods

|   | Note | (Un-audited)<br>30 June<br>2022<br>Rupees | (Audited)<br>31 December<br>2021<br>Rupees |
|---|------|---|--|
| <b>ASSETS</b>                               |      |   |  |
| <b><u>Non-current assets</u></b>            |      |   |  |
| Property, plant and equipment               | 9    | 8,320,781,061                             | 8,527,549,061                              |
| Intangible assets                           |      | 1,572,215                                 | 1,572,247                                  |
| Security deposits                           |      | 9,072,527                                 | 6,606,122                                  |
|   |      | <b>8,331,425,803</b>                      | <b>8,535,727,430</b>                       |
| <b><u>Current assets</u></b>                |      |   |  |
| Stores, spares and loose tools              |      | 219,322,852                               | 183,210,631                                |
| Stock-in-trade                              | 10   | 702,160,823                               | 707,587,224                                |
| Trade debts                                 |      | 608,277,104                               | 566,068,117                                |
| Loans and advances                          |      | 65,822,523                                | 116,092,789                                |
| Deposits, prepayments and other receivables |      | 89,540,140                                | 82,155,615                                 |
| Sales tax refundable - net                  |      | 821,851,756                               | 740,111,000                                |
| Income tax recoverable                      |      | 1,371,859,981                             | 1,359,883,804                              |
| Cash and cash equivalents                   | 11   | 1,220,952,442                             | 1,873,907,189                              |
|   |      | <b>5,099,787,621</b>                      | <b>5,629,016,369</b>                       |
|   |      | <b>13,431,213,424</b>                     | <b>14,164,743,799</b>                      |

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

  
Chairman

  
Chief Executive Officer

  
Director


  
Chief Financial Officer

HALF YEAR ENDED  
30 JUNE  
**2022**

**Condensed Interim  
Statement of Profit or Loss (Un-audited)  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

|   | Note | Half Year Ended        |                    | Quarter Ended        |                    |
|---|------|------------------------|--------------------|----------------------|--------------------|
|   |      | 30 June                |                    | 30 June              |                    |
|   |      | 2022<br>( Rupees )     | 2021<br>( Rupees ) | 2022<br>( Rupees )   | 2021<br>( Rupees ) |
| Revenue from contracts with customers - Net | 12   | 4,796,600,579          | 4,492,567,510      | 2,393,602,964        | 2,115,250,604      |
| Cost of revenue                             | 13   | (4,617,830,795)        | (3,947,404,620)    | (2,384,060,336)      | (1,833,651,114)    |
| <b>Gross profit</b>                         |      | <b>178,769,784</b>     | 545,162,890        | <b>9,542,628</b>     | 281,599,490        |
| Marketing and distribution expenses         |      | (677,842,757)          | (487,329,098)      | (341,636,315)        | (269,425,928)      |
| Administrative expenses                     |      | (209,373,196)          | (175,760,450)      | (98,378,453)         | (95,567,666)       |
| <b>Loss from operations</b>                 |      | <b>(708,446,169)</b>   | (117,926,658)      | <b>(430,472,140)</b> | (83,394,104)       |
| Other income                                |      | 81,663,532             | 61,431,519         | 39,554,409           | 23,948,366         |
| Finance costs                               | 14   | (565,363,055)          | (632,641,756)      | (332,738,094)        | (318,632,136)      |
| <b>Loss before taxation</b>                 |      | <b>(1,192,145,692)</b> | (689,136,895)      | <b>(723,655,825)</b> | (378,077,874)      |
| Income tax expense                          | 15   | (61,327,393)           | (69,152,067)       | (30,635,295)         | (32,784,931)       |
| <b>Loss after taxation for the period</b>   |      | <b>(1,253,473,085)</b> | (758,288,962)      | <b>(754,291,120)</b> | (410,862,805)      |
| <b>Loss per share - basic and diluted</b>   | 16   | (0.79)                 | Restated<br>(0.97) | (0.48)               | Restated<br>(0.53) |

The annexed notes from 1 to 20 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 Six Months Ended 30 June 2022



fauji foods

|   | Half Year Ended        |               | Quarter Ended        |               |
|---|------------------------|---------------|----------------------|---------------|
|   | 30 June                |               | 30 June              |               |
|   | 2022                   | 2021          | 2022                 | 2021          |
|   | ( Rupees )             | ( Rupees )    | ( Rupees )           | ( Rupees )    |
| <b>Loss for the period</b>  | <b>(1,253,473,085)</b> | (758,288,962) | <b>(754,291,120)</b> | (410,862,805) |
| <b>Other comprehensive income for the period</b>  |                        |               |                      |               |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)      | -                      | -             | -                    | -             |
| Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax) | -                      | -             | -                    | -             |
| <b>Total comprehensive loss for the period</b>  | <b>(1,253,473,085)</b> | (758,288,962) | <b>(754,291,120)</b> | (410,862,805) |

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

  
Chairman

  
Chief Executive Officer

  
Director


  
Chief Financial Officer

HALF YEAR ENDED  
30 JUNE  
**2022**

## Condensed Interim Statement of Changes In Equity (Un-audited) For The Six Months Ended 30 June 2022

|  | Capital Reserve    |               |  | Revenue reserve  |                 |
|--|--------------------|---------------|--|------------------|-----------------|
|  | Share capital      | Share premium | Surplus on revaluation of property, plant and equipment - net of tax | Accumulated loss | Total           |
|  | ----- Rupees ----- |               |  |                  |                 |
| <b>Balance as at 01 January 2021 (audited)</b>                           | 8,032,935,630      | 1,922,317,157 | 1,243,724,345  | (15,187,985,634) | (3,989,008,502) |
| <u>Total comprehensive income for the period</u>                         |                    |               |  |                  |                 |
| Loss after taxation for the period                                       | -                  | -             | -  | (758,288,962)    | (758,288,962)   |
| Other comprehensive income   | -                  | -             | -  | -                | -               |
|  | -                  | -             | -  | (758,288,962)    | (758,288,962)   |
| <u>Surplus transferred to accumulated losses</u>                         |                    |               |  |                  |                 |
| Incremental depreciation relating to surplus on revaluation - net of tax | -                  | -             | (17,750,671)   | 17,750,671       | -               |
| <b>Balance as at 30 June 2021 (un-audited)</b>                           | 8,032,935,630      | 1,922,317,157 | 1,225,973,674  | (15,928,523,925) | (4,747,297,464) |
| <b>Balance as at 01 January 2022 (audited)</b>                           | 15,840,881,590     | 1,854,498,097 | 2,225,644,056  | (16,395,504,505) | 3,525,519,238   |
| <u>Total comprehensive income for the period</u>                         |                    |               |  |                  |                 |
| Loss after taxation for the period                                       | -                  | -             | -  | (1,253,473,085)  | (1,253,473,085) |
| Other comprehensive income   | -                  | -             | -  | -                | -               |
|  | -                  | -             | -  | (1,253,473,085)  | (1,253,473,085) |
| Share issuance cost  | -                  | (2,849,343)   | -  | -                | (2,849,343)     |
| <u>Surplus transferred to accumulated losses</u>                         |                    |               |  |                  |                 |
| Incremental depreciation relating to surplus on revaluation - net of tax | -                  | -             | (46,872,630)   | 46,872,630       | -               |
| <b>Balance as at 30 June 2022 (un-audited)</b>                           | 15,840,881,590     | 1,851,648,754 | 2,178,771,426  | (17,602,104,960) | 2,269,196,810   |

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

# Condensed Interim Statement of Cash Flows (Un-audited)

For the Six Months Ended 30 June 2022



fauji foods

|   | Note | Half Year Ended        |                    |
|---|------|------------------------|--------------------|
|   |      | 30 June                |                    |
|   |      | 2022<br>( Rupees )     | 2021<br>( Rupees ) |
| <u>Cash flow from operating activities</u>                  |      |                        |                    |
| Loss before taxation  |      | <b>(1,192,145,692)</b> | (689,136,895)      |
| Adjustments to reconcile loss before tax to net cash flows: |      |                        |                    |
| Depreciation on property, plant and equipment               | 9    | <b>243,899,862</b>     | 219,129,896        |
| Amortization of intangible assets                           |      | <b>32</b>              | 9,390,447          |
| Gain on disposal of property, plant and equipment           |      | <b>(931,749)</b>       | (37,852,662)       |
| Profit on bank deposits and TDRs                            |      | <b>(69,220,357)</b>    | (7,791,318)        |
| Provision for employee retirement benefits                  |      | <b>14,105,548</b>      | 14,274,013         |
| Finance cost  |      | <b>565,363,055</b>     | 632,641,756        |
| <b>(Loss) / Profit before working capital changes</b>       |      | <b>(438,929,301)</b>   | 140,655,237        |
| Working capital adjustments:                                |      |                        |                    |
| (Increase) / decrease in current assets:                    |      |                        |                    |
| Stores, spares and loose tools                              |      | <b>(36,112,221)</b>    | 5,069,036          |
| Stock-in-trade  |      | <b>5,426,401</b>       | (673,447,777)      |
| Trade debts   |      | <b>(42,208,987)</b>    | (123,674,303)      |
| Loans and advances  |      | <b>50,270,266</b>      | 46,330,450         |
| Deposits, prepayments and other receivables                 |      | <b>(4,918,120)</b>     | (6,731,519)        |
| Increase / decrease in current liabilities:                 |      |                        |                    |
| Trade and other payables                                    |      | <b>570,317,049</b>     | 117,138,826        |
| Contract liabilities  |      | <b>(1,681,847)</b>     | (14,709,620)       |
|   |      | <b>541,092,541</b>     | (650,024,907)      |
| <b>Cash generated from / (used in) operations</b>           |      | <b>102,163,240</b>     | (509,369,670)      |
| Taxes paid  |      | <b>(111,785,795)</b>   | (8,744,494)        |
| Employee retirement benefits paid                           |      | <b>(11,092,648)</b>    | -                  |
| Security deposits - net                                     |      | -                      | (8,984,010)        |
| <b>Net cash used in operating activities</b>                |      | <b>(20,715,203)</b>    | (527,098,174)      |



HALF YEAR ENDED  
30 JUNE

2022

## Condensed Interim Statement of Cash Flows (Un-audited)

For The Six Months Ended 30 June 2022

|   | Note | Half Year Ended      |                    |
|---|------|----------------------|--------------------|
|   |      | 30 June              |                    |
|   |      | 2022<br>( Rupees )   | 2021<br>( Rupees ) |
| <u>Cash flow from investing activities</u>                    |      |                      |                    |
| Fixed capital expenditure                                     |      | (38,784,562)         | (18,012,383)       |
| Income on bank deposits and TDRs received                     |      | 69,220,357           | 7,791,318          |
| Sale proceeds from disposal of property, plant and equipment  |      | 2,584,448            | 111,596,114        |
| <b>Net cash generated from investing activities</b>           |      | <b>33,020,244</b>    | 101,375,049        |
| <u>Cash flow from financing activities</u>                    |      |                      |                    |
| Short term borrowings - net                                   |      | 18,841               | (6,439,676)        |
| Finance cost paid   |      | (604,571,628)        | (83,720,929)       |
| Long term loans   |      | (25,228,912)         | (95,229,912)       |
| Lease rentals paid  |      | (31,375,629)         | (31,725,397)       |
| Shares issuance costs paid                                    |      | (2,849,343)          | -                  |
| <b>Net cash used in financing activities</b>                  |      | <b>(664,006,671)</b> | (217,115,914)      |
| <b>Net decrease in cash and cash equivalents</b>              |      | <b>(651,701,630)</b> | (642,839,039)      |
| <b>Cash and cash equivalents - at beginning of the period</b> |      | <b>169,082,593</b>   | (757,278,882)      |
| <b>Cash and cash equivalents - at end of the period</b>       |      | <b>(482,619,037)</b> | (1,400,117,921)    |
| Cash and cash equivalents comprise of the following:          |      |                      |                    |
| - Cash and bank balances                                      | 11   | 1,220,952,442        | 249,157,041        |
| - Running finances  | 5    | (1,703,571,479)      | (1,649,274,962)    |
|   |      | <b>(482,619,037)</b> | (1,400,117,921)    |

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

# Notes to the Condensed Interim Financial Statements (Un-audited) For The Six Months Ended 30 June 2022



## 1 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:

| <b>BUSINESS UNIT</b>                     | <b>LOCATION</b>                                    |
|--|--|
| <b>Production Plant</b>                  | Bhalwal, District Sargodha                         |
| <b>Registered Office and Head Office</b> | 42 CCA, Ex Park View, DHA<br>Phase - VIII, Lahore. |

**1.1** During the period ended 30 June 2022, the Company has incurred a loss after tax of Rs. 1,253.47 million (30 June 2021: Rs. 758.29 million), resulting in accumulated losses of Rs. 17,602.10 million (31 December 2021: Rs. 16,395.50 million) as of that date. Further, the Company's current liabilities exceed its current assets by Rs. 179.6 million (31 December 2021: current assets exceeded current liabilities by Rs. 1,182.4 million). Accordingly, the Company's operations are being financed via further sponsor support / equity injection and high level of external debt. As at 30 June 2022, the Company's total debt amounts to Rs. 7,945.94 million (31 December 2021: Rs. 7,972.41 million).

The Parent Company has committed the necessary continued financial support to the Company, including (but not limited to) equity injections and providing working capital as and when required. Further, the Parent Company is currently not demanding payments for interest accrued on the Company's borrowings, previously obtained from it. The Company sponsors have also provided security, on behalf of the Company, in respect of the Company's syndicate loan facility (amounting to Rs. 5,988.15 million refer to note 4) in the form of (a) a letter of credit amounting to Rs. 1 billion from Askari Bank Limited, a related party, and (b) a revolving corporate guarantee.

The Company has also formulated business plan and is undertaking margin improvement initiatives and a differentiated marketing strategy to build efficiencies in the distribution channels.

Based upon the above, the management has concluded that the Company is a going concern and these condensed interim financial statements have been prepared on a going concern basis.

## 2 BASIS OF PREPARATION

### 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** The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2021. Comparative condensed interim statement of financial position is stated from annual audited financial statements as of 31 December 2021, 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 are extracted from condensed interim financial statements of the Company for the six months period ended 30 June 2021.

**2.3** 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.

**2.4** The figures of the condensed interim statement of profit or loss, condensed interim statement of other comprehensive income and related notes for the quarters ended 30 June 2022 and 30 June 2021 have not been reviewed.

### **2.5 USE OF ESTIMATES AND JUDGEMENTS**

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 2021.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

**3.1** The accounting policies adopted in the preparation of condensed interim financial statements are consistent with those followed in the preparation of annual financial statements for the year ended 31 December 2021, except for as mentioned in note 3.2.

- 3.2** The Company adopted following new amendments and interpretations to the approved accounting standards which became effective during the period:

### **New Standards, Interpretations and Amendments**

#### **3.2.1 Onerous contracts - cost of fulfilling a contract - Amendment to IAS 37**

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the interim condensed financial statements of the Company.

#### **3.2.2 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

#### **3.2.3 IFRS 9 Financial Instruments – Fees in the ‘10 per cent’ test for derecognition of financial liabilities**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the interim condensed financial statements of the Company as there were no modifications of the Company's financial instruments during the period.

### 3.2.4 IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the interim condensed financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

| <b>4 LONG TERM LOANS</b>   | <b>Note</b> | <b>(Un-audited)<br/>30 June<br/>2022<br/>( Rupees )</b> | <b>(Audited)<br/>31 December<br/>2021<br/>( Rupees )</b> |
|----------------------------|-------------|---|--|
| Syndicate Finance Facility |             | <b>5,988,149,276</b>                                    | 5,988,149,276  |
| Salary Refinance Facility  |             | <b>25,228,913</b>                                       | 50,457,825   |
|                            |             | <b>6,013,378,189</b>                                    | 6,038,607,101  |
| Current portion            |             | <b>(301,855,373)</b>                                    | (50,457,824)   |
|                            | <b>4.1</b>  | <b><u>5,711,522,816</u></b>                             | <b><u>5,988,149,276</u></b>                              |

**4.1** These include balance amounting to Rs.396.45 million (31 December 2021: 396.45 million) payable to Askari Bank Limited, an associated undertaking.

### 5 SHORT TERM BORROWINGS

|                           |            |                             |                             |
|---------------------------|------------|-----------------------------|-----------------------------|
| Running finance           | <b>5.1</b> | <b>1,703,571,479</b>        | 1,704,824,596               |
| Islamic mode of financing |            | <b>228,993,000</b>          | 228,974,159                 |
|                           |            | <b><u>1,932,564,479</u></b> | <b><u>1,933,798,755</u></b> |

**5.1** This includes balance of Rs. 271.80 million (31 December 2021: Rs. 273.08 million) payable to Askari Bank Limited, an associated undertaking.



**fauji foods**

|                                    |            | (Un-audited)<br>30 June<br>2022<br>( Rupees ) | (Audited)<br>31 December<br>2021<br>( Rupees ) |
|------------------------------------|------------|---|--|
| <b>6 TRADE AND OTHER PAYABLES</b>  |            |   |  |
| Trade and other creditors          | <b>6.1</b> | <b>978,187,589</b>                            | 447,964,859                                    |
| Accrued expenses                   |            | <b>432,219,861</b>                            | 391,903,594                                    |
| Retention money payable            |            | <b>2,325,832</b>                              | 2,325,832                                      |
| Due to employees                   |            | <b>4,266,670</b>                              | 2,605,427                                      |
| Withholding income tax payable     |            | <b>7,978,428</b>                              | 23,010,176                                     |
| Withholding sales tax payable      |            | <b>6,890,440</b>                              | 9,927,557                                      |
| Payable to Provident Fund          |            | <b>12,884,194</b>                             | 9,834,572                                      |
| Workers' Profit Participation Fund |            | <b>429,988</b>                                | 429,988  |
| Others                             |            | <b>1,172,362</b>                              | 1,172,362                                      |
|                                    |            | <b><u>1,446,355,364</u></b>                   | <b><u>889,174,367</u></b>                      |

**6.1** These include balances amounting to Rs. 6.45 million, Rs. 5.96 million and Rs. 0.64 million payable to Noon Sugar Mills, Fauji Fertilizer Bin Qasim Limited and FFBL Power Company Limited, respectively.

|                               | (Un-audited)<br>30 June<br>2022<br>( Rupees ) | (Audited)<br>31 December<br>2021<br>( Rupees ) |
|-------------------------------|---|--|
| <b>7 ACCRUED FINANCE COST</b> | <b><u>1,228,716,109</u></b>                   | <b><u>1,267,924,682</u></b>                    |

These include balances amounting to Rs. 21.09 (31 December 2021: 36.91) million and Rs. 731.19 (31 December 2021: Rs. 750.54) million payable to Askari Bank Limited and Fauji Fertilizer Bin Qasim Limited, respectively.

## **8 CONTINGENCIES AND COMMITMENTS**

### **8.1 Contingencies**

There have been no significant changes in contingencies as reported in the annual audited financial statements of the Company for the year ended 31 December 2021 except following:

During the year ended 31 December 2017, Assistant Commissioner Inland Revenue (ACIR) issued sales tax order, dated 26 May 2017 for payment of Rs. 974 million for sales tax along with 100% default surcharge and penalty of Rs. 225 million due to alleged non-payment of sales tax on sales of "Chai Mix, Dairy Rozana and Dostea (tea whitener)" for the tax period July 2011 to December 2016. The order is based on the grounds that exemption is available to the Company only to the extent of dairy products and tea whitener is not milk / dairy product. The Company being aggrieved filed appeal initially

before Commissioner Inland Revenue - Appeals (CIR-A) and then to the Appellate Tribunal Inland Revenue (ATIR) where during the year the matter was heard and decided in favour of the Company on jurisdictional grounds. The Department being aggrieved filed reference No. 31172/2022 dated 23 June 2022 before the Honourable Lahore High Court which is pending adjudication.

## 8.2 Commitments

The Company has the following commitments:

- Commitments in respect of capital expenditure and against irrevocable letters of credit outstanding at the period end amounted to Rs. 26.85 million (31 December 2021: Nil).
- Commitments in respect of the purchase of raw and packing material outstanding at the period end amounted to Rs.14.42 million (31 December 2021: Rs. 7.51 million).
- Guarantees aggregating to Rs.17.61 million (31 December 2021: Rs.17.61 million) have been issued by banks of the Company to Sui Northern Gas Pipeline Ltd, Pakistan State Oil and Controller Naval Account.

| 9 PROPERTY, PLANT AND EQUIPMENT                  | Note         | (Un-audited)<br>30 June<br>2022<br>(Rupees) | (Audited)<br>31 December<br>2021<br>(Rupees) |
|--|--------------|---|--|
| Operating fixed assets                           |              |   |  |
| - Owned assets                                   |              | 7,742,363,435                               | 7,893,946,841                                |
| - Right of Use Assets                            |              | 331,647,599                                 | 388,181,496                                  |
|  | <b>9.1</b>   | <b>8,074,011,034</b>                        | 8,282,128,337                                |
| Capital work in progress                         | <b>9.2</b>   | <b>246,770,027</b>                          | 245,420,724                                  |
|  |              | <b>8,320,781,061</b>                        | 8,527,549,061                                |
| <b>9.1 Operating fixed assets</b>                |              |   |  |
| Net book value at beginning of the period / year |              | <b>8,282,128,336</b>                        | 7,326,713,116                                |
| Revaluation of assets during the period / year   |              | -   | 1,423,600,647                                |
| Additions during the period / year               |              | <b>37,435,260</b>                           | 34,843,711                                   |
| Disposals during the period / year               |              | <b>(1,652,699)</b>                          | (84,593,602)                                 |
| Depreciation charged during the period / year    |              | <b>(243,899,862)</b>                        | (418,435,535)                                |
| Net book value at end of the period / year       |              | <b>8,074,011,034</b>                        | 8,282,128,337                                |
| <b>9.2 Capital work in progress</b>              |              |   |  |
| Plant and machinery                              |              | <b>223,134,724</b>                          | 223,134,724                                  |
| Advances to suppliers - considered good          |              | <b>23,635,303</b>                           | 22,286,000                                   |
|  | <b>9.2.1</b> | <b>246,770,027</b>                          | 245,420,724                                  |



**fauji foods**

**9.2.1** This includes Rs. 245.4 (31 December 2021: Rs. 245.4) million relating to construction of waste water treatment plant which is in progress. The management has assessed its recoverable value to be higher than the carrying amount and hence the amount is not impaired.

| <b>10 STOCK IN TRADE</b>         | <b>Note</b> | <b>(Un-audited)<br/>30 June<br/>2022<br/>( Rupees )</b> | <b>(Audited)<br/>31 December<br/>2021<br/>( Rupees )</b> |
|----------------------------------|-------------|---|--|
| Raw and packing material         |             |   |  |
| - In hand                        |             | <b>312,862,287</b>                                      | 270,624,472  |
| - In transit                     |             | <b>42,801,587</b>                                       | 22,463,675   |
|                                  |             | <b>355,663,874</b>                                      | 293,088,147  |
| Work-in-process                  |             | <b>81,856,321</b>                                       | 118,186,971  |
| Finished goods                   | <b>10.1</b> | <b>293,458,788</b>                                      | 326,816,255  |
|                                  |             | <b>375,315,109</b>                                      | 445,003,226  |
| Less: Provision for obsolescence |             | <b>(28,818,160)</b>                                     | (30,504,149)   |
|                                  |             | <b>702,160,823</b>                                      | 707,587,224  |

**10.1** The amount charged to statement of profit or loss on account of write down of finished goods to net realizable value amounts to Rs. 0.97 (31 December 2021: Rs 2.3) million.

| <b>11 CASH AND CASH EQUIVALENTS</b> |             | <b>(Un-audited)<br/>30 June<br/>2022<br/>( Rupees )</b> | <b>(Audited)<br/>31 December<br/>2021<br/>( Rupees )</b> |
|-------------------------------------|-------------|---|--|
| Cash-in-hand                        |             | <b>85,059</b>   | 99,015   |
| Cash at banks:                      |             |   |  |
| - Current accounts                  |             | <b>11,603,971</b>                                       | 1,351,328,377  |
| - Saving accounts                   | <b>11.1</b> | <b>409,041,921</b>                                      | 522,258,306  |
| - Dividend accounts                 |             | <b>221,491</b>  | 221,491  |
|                                     | <b>11.2</b> | <b>420,867,383</b>                                      | 1,873,808,174  |
| Term Deposit Receipt (TDR)          | <b>11.3</b> | <b>800,000,000</b>                                      | -  |
|                                     |             | <b>1,220,952,442</b>                                    | 1,873,907,189  |

**11.1** These carry markup at the rates ranging from 8.25% to 10.50% (2021: 6% to 7.8%) per annum.

**11.2** These include bank deposits amounting to Rs.111.45 (31 December 2021: 1,453.99) million with Askari Bank Limited, an associated undertaking.

**11.3** This represents investment in TDR with Askari Bank Limited carrying markup at the rate of 14% per annum.



## 12 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

|                        | (Un-audited)         |               | (Un-audited)         |               |
|------------------------|----------------------|---------------|----------------------|---------------|
|                        | Half Year Ended      |               | Quarter Ended        |               |
|                        | 30 June              |               | 30 June              |               |
|                        | 2022                 | 2021          | 2022                 | 2021          |
| -----Rupees-----       |                      |               |                      |               |
| Gross revenue          | <b>5,036,515,494</b> | 4,994,738,841 | <b>2,467,409,031</b> | 2,355,889,777 |
| <b>Less:</b> Sales tax | <b>137,021,412</b>   | 300,092,219   | <b>68,702,326</b>    | 136,879,183   |
| Trade discounts        | <b>102,893,503</b>   | 202,079,112   | <b>5,103,741</b>     | 103,759,990   |
|                        | <b>239,914,915</b>   | 502,171,331   | <b>73,806,067</b>    | 240,639,173   |
|                        | <b>4,796,600,579</b> | 4,492,567,510 | <b>2,393,602,964</b> | 2,115,250,604 |

**12.1** Revenue from contracts with customers relates to local Pakistan market and represents sale of dairy and allied products. Timing of revenue recognition is at point of time.

| 13 COST OF REVENUE                 | (Un-audited)         |               | (Un-audited)         |               |
|------------------------------------|----------------------|---------------|----------------------|---------------|
|                                    | Half Year Ended      |               | Quarter Ended        |               |
|                                    | 30 June              |               | 30 June              |               |
|                                    | 2022                 | 2021          | 2022                 | 2021          |
| -----Rupees-----                   |                      |               |                      |               |
| Raw materials consumed             | <b>2,847,773,172</b> | 2,928,697,580 | <b>1,473,048,849</b> | 1,112,231,449 |
| Salaries, wages and other benefits | <b>96,214,192</b>    | 99,544,958    | <b>42,851,544</b>    | 49,548,837    |
| Power and fuel                     | <b>249,349,452</b>   | 144,794,583   | <b>144,555,209</b>   | 76,027,355    |
| Packing materials consumed         | <b>877,318,835</b>   | 968,923,001   | <b>425,634,126</b>   | 366,228,407   |
| Freight and forwarding             | <b>112,511,897</b>   | 65,259,552    | <b>69,760,339</b>    | 28,845,292    |
| Stores and spares consumed         | <b>36,842,446</b>    | 43,567,638    | <b>10,552,359</b>    | 20,239,668    |
| Repair and maintenance             | <b>102,293,263</b>   | 103,682,327   | <b>49,839,965</b>    | 45,935,542    |
| Rent, rates and taxes              | <b>2,000</b>         | 290,560       | <b>2,000</b>         | 290,560       |
| Depreciation                       | <b>213,070,331</b>   | 179,376,532   | <b>106,611,256</b>   | 89,719,521    |
| Legal and professional charges     | <b>978,605</b>       | 524,538       | <b>522,311</b>       | 224,538       |
| Insurance                          | <b>3,163,063</b>     | 4,078,160     | <b>1,582,738</b>     | 1,935,322     |
| Other expenses                     | <b>8,625,422</b>     | 5,457,501     | <b>5,999,669</b>     | 1,755,173     |
|                                    | <b>4,548,142,678</b> | 4,544,196,930 | <b>2,330,960,365</b> | 1,792,981,664 |
| Adjustment of work-in-process      |                      |               |                      |               |
| Opening stock                      | <b>118,186,971</b>   | 173,006,590   | <b>89,219,414</b>    | 176,555,053   |
| Closing stock                      | <b>(81,856,321)</b>  | (156,790,888) | <b>(81,856,321)</b>  | (156,790,888) |
|                                    | <b>36,330,650</b>    | 16,215,702    | <b>7,363,093</b>     | 19,764,165    |
| Cost of goods manufactured         | <b>4,584,473,328</b> | 4,560,412,632 | <b>2,338,323,458</b> | 1,812,745,829 |
| Adjustment of finished goods       |                      |               |                      |               |
| Opening stock                      | <b>326,816,255</b>   | 156,040,982   | <b>339,195,666</b>   | 789,954,279   |
| Closing stock                      | <b>(293,458,788)</b> | (769,048,994) | <b>(293,458,788)</b> | (769,048,994) |
|                                    | <b>33,357,467</b>    | (613,008,012) | <b>45,736,878</b>    | 20,905,285    |
|                                    | <b>4,617,830,795</b> | 3,947,404,620 | <b>2,384,060,336</b> | 1,833,651,114 |



fauji foods

|                              | (Un-audited)       |             | (Un-audited)       |             |
|------------------------------|--------------------|-------------|--------------------|-------------|
|                              | Half Year Ended    |             | Quarter Ended      |             |
|                              | 30 June            |             | 30 June            |             |
|                              | 2022               | 2021        | 2022               | 2021        |
| -----Rupees-----             |                    |             |                    |             |
| <b>14 FINANCE COSTS</b>      |                    |             |                    |             |
| Islamic mode of financing    |                    |             |                    |             |
| - Short term borrowings      | <b>14,150,783</b>  | 9,451,094   | <b>8,127,380</b>   | 4,762,475   |
| Interest and mark-up on:     |                    |             |                    |             |
| - Long term finance          | <b>396,109,174</b> | 262,503,894 | <b>231,215,231</b> | 132,732,746 |
| - Short term borrowings      | <b>128,422,490</b> | 67,611,350  | <b>79,620,454</b>  | 34,777,002  |
| - Loan from Parent Company   | -                  | 270,233,701 | -                  | 137,732,686 |
| - Lease liabilities          | <b>12,895,599</b>  | 16,355,387  | <b>6,273,551</b>   | 7,081,655   |
| Bank charges and commission  | <b>13,785,009</b>  | 6,486,330   | <b>7,501,478</b>   | 1,545,572   |
|                              | <b>565,363,055</b> | 632,641,756 | <b>332,738,094</b> | 318,632,136 |
| <b>15 INCOME TAX EXPENSE</b> |                    |             |                    |             |
| Current income tax expense   | <b>61,327,393</b>  | 69,152,067  | <b>30,635,295</b>  | 32,784,931  |

**15.1** In view of tax losses under normal tax regime, the provision for current tax represents "Minimum Tax" under section 113 of Income Tax Ordinance, 2001.

## 16 LOSS PER SHARE - BASIC AND DILUTED

The loss per share for 2021 has been restated in accordance with the requirement of IAS 33 due to the issuance of 780,794,596 right issue on 27 December 2021.

## 17 RELATED PARTY TRANSACTIONS

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 related parties are as follows:

| Name of related party              | Relationship  | Nature of transactions  | (Un-audited)<br>30 June<br>2022<br>Rupees | (Un-audited)<br>30 June<br>2021<br>Rupees |
|------------------------------------|---|---|---|---|
| Fauji Fertilizer Bin Qasim Limited | Parent - 71.63% (Shareholding and common directorship)              | Finance cost charged  | -   | 270,233,701                               |
|                                    |   | TA/DA charged by related party  | <b>11,274</b>                             | -   |
|                                    |   | Repair & maintenance and building rent expense charged by related party | -   | 14,941                                    |
|                                    |   | Expense of IT facilities charged by related party                       | <b>7,468,680</b>                          | 3,000,000                                 |
| Fauji Foundation                   | Associated Undertaking 4.25% (Shareholding and common directorship) | Expense charged to related party  | <b>8,200</b>                              | -   |
|                                    |   | Management shared services charged by related party                     | <b>1,225,331</b>                          | 2,501,354                                 |
|                                    |   | TA/DA and boarding expenses charged by related party                    | <b>1,019,520</b>                          | 1,446,725                                 |

HALF YEAR ENDED  
30 JUNE  
**2022**

| Name of related party                        | Relationship                                    | Nature of transactions  | (Un-audited)<br>30 June<br>2022<br>Rupees | (Un-audited)<br>30 June<br>2021<br>Rupees |
|--|---|---|---|---|
| Fauji Cereals                                | Associated Undertaking<br>(Common directorship) | Salary of Personnel<br>charged to the<br>related party                        | -   | 4,938,165                                 |
|  |   | TA/DA and Building<br>rent and other expenses<br>charged to the related party | -   | 442,458                                   |
| FFBL Power Company Limited                   | Associated Undertaking<br>(Common directorship) | Purchase of coal  | <b>5,294,322</b>                          | 41,709,589                                |
| Askari Bank Limited                          | Associated Undertaking<br>(Common directorship) | Finance cost charged<br>by related party                                      | <b>42,304,566</b>                         | 13,417,208                                |
|  |   | Interest income on<br>saving accounts   | <b>16,876,206</b>                         | 6,565,253                                 |
|  |   | Interest income on TDR  | <b>30,097,260</b>                         | -   |
| Fauji Security Services<br>(Private) Limited | Associated Undertaking<br>(Common directorship) | Expenses paid against<br>security services                                    | -   | 232,000                                   |
| Noon Sugar Mills Limited                     | Associated Undertaking<br>(Common directorship) | Purchase of sugar   | <b>16,029,996</b>                         | 14,138,880                                |
| Employee's Provident Fund Trust              | Post employee benefit plan                      | Contribution for the year   | <b>29,486,240</b>                         | 25,667,756                                |
| Directors                                    |   | Meeting fee   | <b>7,425,000</b>                          | 5,025,000                                 |
| Key Management Personnel                     |   | Remuneration and benefits   | <b>60,827,143</b>                         | 50,435,857                                |

## 18 FINANCIAL RISK MANAGEMENT

**18.1** The Company's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements of the Company for the year ended 31 December 2021.

**18.2** There is no change in the nature and corresponding hierarchies of fair valuation levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended 31 December 2021.

## 19 GENERAL

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

**19.2** Corresponding figures have been rearranged/reclassified, wherever necessary, for the purpose of comparison.

## 20 DATE OF AUTHORIZATION

These condensed interim financial statements has been approved by the Board of Directors of the Company and authorized for issue on July 22, 2022.

  
Chairman

  
Chief Executive Officer

  
Director

  
Chief Financial Officer



fauji foods

This Page Intentionally  
Left Blank

HALF YEAR ENDED  
30 JUNE

2022

This Page Intentionally  
Left Blank



**fauji foods**

Head Office  
42 CCA, Ex Park View,  
DHA Phase - VIII, Lahore.  
Tel: +92-42-37136310,  
37136315-17

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

   /HouseOfNurpur

