

QUARTER  
ENDED  
31 MARCH  
2018



fauji foods



**fauji foods**

**Condensed Interim  
Financial Statements  
For the Quarter Ended  
31 March 2018**

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## **CORPORATE INFORMATION**

### **Board of Directors**

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

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

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

**Malik Adnan Hayat Noon**

**Mr. Qaiser Javed**

**Dr. Nadeem Inayat**

**Dr. Rashid Bajwa**

**Mr. Salman Hayat Noon**

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

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

**Mr. Iltifat Rasul Khan**

**Mr. Par Soderlund**

### **Chief Financial Officer**

**Syed Aamir Ahsan**

### **Company Secretary**

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

### **Auditors**

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



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### **Legal Advisers**

Hamid Law Associates

### **Audit Committee**

Mr. Iltifat Rasul Khan

Mr. Qaiser Javed

Dr. Nadeem Inayat

Malik Adnan Hayat Noon

### **HR & R Committee**

Dr. Nadeem Inayat

Dr. Rashid Bajwa

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

Lt Col Abdul Khaliq Khan (Retd)

### **Technical Committee**

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

Lt Col Abdul Khaliq Khan (Retd)

Dr. Rashid Bajwa

### **Business Review Committee**

Dr. Rashid Bajwa

Dr. Nadeem Inayat

Mr. Salman Hayat Noon

Mr. Par Soderlund

### **Bankers**

Habib Bank Limited

United Bank Limited

National Bank of Pakistan

Bank Alfalah Limited

Faysal Bank Limited

MCB Bank Limited

Askari Bank Limited

Allied Bank Limited

Bank Islami Pakistan

Bank AL Habib Limited

Dubai Islamic Bank

Pakistan Limited

Soneri Bank Limited

### **Registered Office**

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

Tel: +92-42-99205933-34

E-mail: info@faujifoods.com

### **Shares Registrar**

M/s Corplink (Pvt.) Limited

Wings Arcade, 1-K, Commercial,  
Model Town, Lahore.

Tel: +92-42-35916714, 35916719, 35839182

Fax: +92-42-35869037

E-mail: shares@corplink.com.pk

### **Website**

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

### **Plant**

Bhalwal, District Sargodha.

**QUARTER  
ENDED  
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## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Board of Directors' of Fauji Foods Limited are pleased to present the directors' report along with the condensed unaudited interim financial information of the Company for the quarter ended March 31, 2018.

### **Principal Activities**

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

### **Business Review**

During the period under review the Company managed to increase its revenues by 54% from corresponding quarter of last year despite tough business environment. Overall dairy sector growth declined by 10% in the tea whitener segment due to negative perception created in the media on certain labeling requirements.

The Company also faced adverse impact in UHT milk segment due to Honorable Supreme Court order on packaged UHT milk. On subsequent retesting of the milk the Honorable Supreme Court reversed the said order, in favor of the Company. However, owing to this our sales of UHT milk were suspended for four weeks resulting in a loss of Rs 310 million.

### **Financial Performance**

During the first quarter of 2018, the total sales of the Company stood at Rs 1,949 million compared with Rs 1,269 million while gross profit stood at Rs 173 million compared with Rs 5.5 million during the corresponding period showing significant improvements.

The loss after tax stood at Rs 619 million compared with loss in the corresponding period last year of Rs 447 million. Loss is mainly due to Honorable Supreme Court order and resultant additional sales and marketing campaigns to counter the negative media coverage on Company's products.

Management continued its various initiatives to transform the Company towards more sustainable business model, such as optimum production levels, strengthening of milk collection centers, revamping brands, focusing on customer base, and increasing sales & distribution infrastructures, etc.

### **Consolidation of classes of shares**

In the 51<sup>st</sup> Annual General Meeting held on March 26, 2018, Member's approved through special resolution merging of voting and non-voting shares of the Company into one class and increased authorized capital to 700,000,000 ordinary shares of Rs 10/each.

### **Future Outlook**

The general outlook of Pakistan economy seems to be on the right track with positive economic indicators and outlook. Market share of the Company's products has increased and management further expects that Company will In Sha Allah continue to grow its volume and market share.



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The Board is thankful to the valuable shareholders and financial institutions for their trust and continued support to the Company. The Board would also like to place on record its appreciation to all employees of the Company for their dedication, diligence and hard work.

For and on behalf of the Board

**Lt Gen Syed Tariq Nadeem Gilani**

HI (M), (Retd)  
Chairman

**Lt Gen Javed Iqbal**

HI (M), (Retd)  
CE&MD

Dated : April 23, 2018

## ڈائریکٹران رپورٹ برائے ممبران

معزز ممبران،

فوجی فوڈز لیمیٹڈ کا بورڈ آف ڈائریکٹرز 31 مارچ 2018 کو اختتام پزیر ہونے والے سہ ماہی عرصہ کے لیے غیر آڈٹ شدہ مالیاتی حسابات پر ڈائریکٹران کی رپورٹ پیش کرتے ہوئے مسرت محسوس کر رہا ہے۔

### بنیادی سرگرمیاں

فوجی فوڈز لیمیٹڈ فوجی فریڈائزرز بن قاسم لیمیٹڈ (50.59 فیصد شیئر ہولڈنگ) اور فوجی فوڈ انڈسٹری (12.75 فیصد شیئر ہولڈنگ) کے اکثریتی حصص کی ملکیت پر مبنی دودھ اور اس سے بنی ہوئی غذائی اشیاء، جوس اور جام تیار کرنے والی کمپنی ہے۔ کمپنی کا ”نور پور“ برانڈ پاکستان میں طویل عرصہ سے سب سے زیادہ جانا پہچانا نام ہے۔

### کاروباری جائزہ

زیر جائزہ عرصہ کے دوران کمپنی نے سخت حالات کے باوجود سابقہ سہ ماہی عرصہ میں حاصل کردہ ریونیو کے مقابلے میں 54 فیصد زائد ریونیو کا حصول کیا۔ چائے کے لیے تیار کردہ مائع کی پیکنگ پر مخصوص لیبل چسپاں کرنے کی ہدایات کی بنا پر پیدا ہونے والے منفی تاثر کے باعث مجموعی طور پر ڈیری سیکٹر میں ٹی وائٹنر کے کاروباری شعبے میں دس فیصد کی تیزی ہوئی۔

کمپنی کو عزت مآب عدالتِ عظمیٰ کے UHT پیک شدہ دودھ کے بارے میں حکم کے سبب UHT دودھ کے شعبے میں بھی مخالف حالات کا سامنا کرنا پڑا۔ دودھ کی دوبارہ جانچ کیے جانے پر عزت مآب عدالتِ عظمیٰ نے اپنے فیصلے کو کمپنی کے حق میں تبدیل کر دیا۔ تاہم اس کی بدولت UHT دودھ کی فروخت چار ہفتوں کے لیے معطل رہی اور کمپنی کو 310 ملین روپے کا نقصان ہوا۔

### مالیاتی کارکردگی

سال 2018 کی پہلی سہ ماہی میں کمپنی نے سابقہ سال کے تقابلی عرصہ میں اشیاء کی فروخت سے حاصل شدہ 1,269 ملین روپے کے مقابلے میں 1,949 ملین روپے کا حصول کیا جبکہ تقابلی عرصہ کے دوران ہونے والے 5.5 ملین روپے خام منافع کے مقابلے میں 173 ملین روپے کا خام منافع حاصل ہوا جو بہتری کے ضمن میں اہم پیشرفت کی غمازی کرتا ہے۔

سابقہ تقابلی عرصہ کے دوران ہونے والے 447 ملین روپے نقصان کے تقابل میں اس سال بعد از ٹیکس نقصان 619 ملین روپے رہا۔ نقصان کی بڑی وجہ عزت مآب عدالتِ عظمیٰ کا فیصلہ تھا جس کی بدولت کمپنی کو اپنی پراڈکٹس کے متعلق منفی تاثر کو زائل کرنے کے لیے سیلز اور مارکیٹنگ کے شعبوں میں اضافی اخراجات کرنا پڑے۔





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کمپنی کو مستحکم بزنس ماڈل بنانے کے لیے انتظامیہ نے متعدد اقدامات کیے ہیں جن میں گنجائش کے مطابق زیادہ سے زیادہ اشیاء کی تیاری، دودھ اکٹھا کرنے کے مراکز کی بہتری، برانڈز کی بہتری کے اقدامات، گاہکوں کے بنیادی مراکز پر توجہ اور سٹور اور مارکیٹنگ کے بنیادی ڈھانچوں میں وسعت شامل ہیں۔

### حصص کی اقسام کا انضمام

26 مارچ 2018 کو منعقد ہونے والے سالانہ اجلاس عام میں ممبران نے بذریعہ قراردادِ خصوصی عمومی ووٹنگ حصص اور نان ووٹنگ عمومی حصص کی اقسام کو ایک قسم کا بنانے کے لیے ان کے انضمام کی منظوری دی اور مجاز سرمایہ کو 10/- روپے فی حصہ مالیت کے 700,000,000 عمومی حصص تک بڑھا دیا گیا۔

### مستقبل کی پیش گوئی

پاکستان کی معیشت کی سمت درست جانب اور مستقبل میں اس کی ترقی کے عمومی اشاریے مثبت نظر آتے ہیں۔ بازار میں کمپنی کی اشیاء کا تناسبی حصہ بڑھ چکا ہے اور انتظامیہ پر امید ہے کہ انشا اللہ کمپنی کی پیداوار اور اس کی پراڈکٹس کی فروخت کے بازاری شیئر میں اضافہ ہوگا۔

بورڈ کمپنی پر اعتماد اور مسلسل تعاون کے لیے تمام حصص یافتگان اور مالیاتی اداروں کا شکر گزار ہے۔ بورڈ کمپنی کے تمام ملازمین کی جانب سے لگن، توجہ اور محنت سے کی گئی ان کی تمام کاوشوں کے لیے اپنی ستائش کو بھی ریکارڈ پر لانا پسند کرتا ہے۔

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

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

مورخہ 23 اپریل 2018

**QUARTER  
ENDED  
31 MARCH  
2018**

**Condensed Interim  
Statement of Financial Position**  
As at 31 March 2018

<b>EQUITY AND LIABILITIES</b>	<i>Note</i>	<b>Un-Audited 31 March 2018 Rupees</b>	<b>Audited 31 December 2017 Rupees</b>
<b><u>Share capital and reserves</u></b>			
Authorized capital			
700,000,000 (2017: 700,000,000)			
ordinary shares of Rs. 10 each		<b><u>7,000,000,000</u></b>	<b><u>7,000,000,000</u></b>
Issued, subscribed and paid up capital			
528,407,192 (2017: 528,407,192)			
ordinary shares of Rs. 10 each		<b>5,284,071,920</b>	5,284,071,920
Share premium		<b>1,925,340,907</b>	1,925,340,907
Surplus on revaluation of property, plant and equipment - net of tax		<b>1,438,823,285</b>	1,458,968,052
Accumulated loss		<b>(4,321,346,379)</b>	(3,722,990,539)
		<b><u>4,326,889,733</u></b>	<b><u>4,945,390,340</u></b>
<b><u>Non-current liabilities</u></b>			
Long term finances		<b>4,450,000,000</b>	4,450,000,000
Liabilities against assets subject to finance lease		<b>91,081,363</b>	103,054,926
Employee retirement benefits		<b>63,601,436</b>	55,612,612
		<b><u>4,604,682,799</u></b>	<b><u>4,608,667,538</u></b>
<b><u>Current liabilities</u></b>			
Short term borrowings		<b>2,796,024,287</b>	1,449,501,368
Current portion of liabilities against assets			
subject to finance lease		<b>40,548,644</b>	38,582,834
Trade and other payables		<b>708,815,127</b>	791,751,290
Accrued finance cost		<b>100,047,968</b>	73,373,064
		<b><u>3,645,436,026</u></b>	<b><u>2,353,208,556</u></b>
		<b><u>12,577,008,558</u></b>	<b><u>11,907,266,434</u></b>

**Contingencies and  
commitments**

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



Chairman



Chief Executive



Director



Chief Financial Officer

**Condensed Interim  
Statement of Financial Position**  
As at 31 March 2018



<b>ASSETS</b>	<i>Note</i>	<b>Un-Audited</b>	<b>Audited</b>
		<b>31 March 2018 Rupees</b>	<b>31 December 2017 Rupees</b>
<b><u>Non-current assets</u></b>			
Property, plant and equipment	7	<b>6,927,739,595</b>	6,822,273,698
Intangible assets		<b>22,508,815</b>	17,378,388
Security deposits		<b>422,983</b>	944,306
Deferred taxation - net		<b>1,038,951,411</b>	1,061,247,592
		<b>7,989,622,804</b>	7,901,843,984
<b><u>Current assets</u></b>			
Stores, spares and loose tools		<b>156,792,245</b>	107,134,205
Stock-in-trade		<b>1,717,567,634</b>	1,021,155,966
Trade debts		<b>129,552,745</b>	129,704,758
Loans and advances		<b>128,358,996</b>	75,943,368
Deposits, prepayments and other receivables		<b>470,395,677</b>	489,877,664
Due from associated companies		<b>1,829,345</b>	1,093,586
Sales tax refundable - net		<b>470,187,072</b>	484,343,381
Income tax - net		<b>662,693,978</b>	500,867,832
Cash and bank balances		<b>850,008,062</b>	1,195,301,690
		<b>4,587,385,754</b>	4,005,422,450
		<b>12,577,008,558</b>	11,907,266,434

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

  
Chairman

  
Chief Executive

  
Director

  
Chief Financial Officer

**QUARTER  
ENDED  
31 MARCH  
2018**

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

For the Quarter ended 31 March 2018

	<i>Note</i>	<b>01 January to 31 March 2018 Rupees</b>	<b>01 January to 31 March 2017 Rupees</b>
Sales - net		<b>1,949,729,661</b>	1,269,080,631
Cost of sales	8	<b>(1,775,974,320)</b>	(1,263,589,908)
<b>Gross profit</b>		<b>173,755,341</b>	5,490,723
Marketing and distribution expenses		<b>(532,429,514)</b>	(371,275,754)
Administrative expenses		<b>(101,942,089)</b>	(111,827,425)
Other income		<b>6,040,380</b>	6,475,471
Other expenses		<b>(6,468,236)</b>	(7,094,135)
<b>Loss from operations</b>		<b>(461,044,118)</b>	(478,231,120)
Finance cost		<b>(135,160,308)</b>	(76,299,183)
<b>Loss before taxation</b>		<b>(596,204,426)</b>	(554,530,303)
Taxation		<b>(22,296,181)</b>	107,865,943
<b>Loss after taxation</b>		<b>(618,500,607)</b>	(446,664,360)
<b>Loss per share - basic and diluted (Restated)</b>		<b>(1.17)</b>	(2.55)

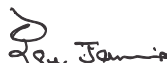
The annexed notes form an integral part of these financial statements.



Chairman



Chief Executive



Director



Chief Financial Officer

**Condensed Interim  
Statement of Other Comprehensive  
Income (Un-Audited)**

For the Quarter ended 31 March 2018



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	<b>01 January to 31 March 2018 Rupees</b>	01 January to 31 March 2017 Rupees
<b>Loss after taxation for the period</b>	<b>(618,500,607)</b>	(446,664,360)
<b><u>Other comprehensive income</u></b>		
<i>Items that will not be reclassified to profit and loss account</i>		
Remeasurement of defined benefit obligation	-	-
<b>Total comprehensive income for the period</b>	<b><u>(618,500,607)</u></b>	<b><u>(446,664,360)</u></b>

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

Chairman

Chief Executive

Director

Chief Financial Officer

**QUARTER  
ENDED  
31 MARCH  
2018**

# Condensed Interim Statement of Changes In Equity (Un-Audited)

For the Quarter ended 31 March 2018

	Issued, subscribed and paid-up capital	Capital Reserve		Revenue reserves	Total
		Share premium	Surplus on revaluation of property, plant and equipment - net of tax		
<b>Balance as at 01 January 2017</b>	1,321,017,980	1,966,772,143	440,355,621	(1,486,605,671)	2,241,540,073
<b>Total comprehensive income for the period</b>	-	-	-	(446,664,360)	(446,664,360)
Loss after taxation	-	-	-	-	-
Other comprehensive income	-	-	-	(446,664,360)	(446,664,360)
<b>Total comprehensive income</b>	-	-	-	(446,664,360)	(446,664,360)
<b>Surplus transferred to accumulated losses</b>					
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	(4,199,146)	4,199,146	-
<b>Balance as at 31 March 2017</b>	<b>1,321,017,980</b>	<b>1,966,772,143</b>	<b>436,156,475</b>	<b>(1,929,070,885)</b>	<b>1,794,875,713</b>
<b>Balance as at 01 January 2018</b>	5,284,071,920	1,925,340,907	1,458,968,052	(3,722,990,539)	4,945,390,340
<b>Total comprehensive income for the period</b>	-	-	-	(618,500,607)	(618,500,607)
Loss after taxation	-	-	-	-	-
Other comprehensive income	-	-	-	(618,500,607)	(618,500,607)
<b>Total comprehensive income</b>	-	-	-	(618,500,607)	(618,500,607)
<b>Surplus transferred to accumulated losses</b>					
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	(20,144,767)	20,144,767	-
<b>Balance as at 31 March 2018</b>	<b>5,284,071,920</b>	<b>1,925,340,907</b>	<b>1,438,823,285</b>	<b>(4,321,346,379)</b>	<b>4,326,889,733</b>

Rupees

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



Chairman



Chief Executive



Director



Chief Financial Officer



**Condensed Interim  
Cash Flow Statement (Un-Audited)**  
For the Quarter ended 31 March 2018

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	2018 Rupees	2017 Rupees
Note		
<b><u>Cash flows from operating activities</u></b>		
Loss before taxation	(596,204,426)	(554,530,303)
<i>Adjustments for non-cash items:</i>		
Depreciation on property, plant and equipment	155,035,865	97,585,509
Amortization of intangible assets	902,127	435,417
Gain on disposal of property, plant and equipment	-	(1,008,446)
Profit on bank deposits	(4,789,655)	(1,617,872)
Exchange loss / gain	17,332,341	7,094,135
Employee retirement benefits	8,106,699	6,000,000
Finance cost	117,827,967	76,299,183
<b>Loss before working capital changes</b>	<b>(301,789,082)</b>	<b>(369,742,377)</b>

**Effect on cash flow  
due to working capital changes**

*(Increase) / decrease in current assets:*

Stores, spares and loose tools	(49,658,040)	37,051,772
Stock-in-trade	(696,411,668)	(506,253,989)
Trade debts	152,013	20,744,930
Loans and advances	(52,415,628)	(97,480,066)
Deposits, prepayments and other receivables	19,481,987	4,166,264
Due from Associated Companies	(735,759)	-
Sales tax refundable	14,156,309	13,439,780
(Decrease) / increase in trade and other payables	(100,267,649)	(88,550,842)
	<b>(865,698,435)</b>	<b>(616,882,151)</b>
<b>Cash used in operations</b>	<b>(1,167,487,517)</b>	<b>(986,624,528)</b>

Chairman

Chief Executive

Director

Chief Financial Officer

Income tax paid	(161,826,146)	(58,758,352)
Employee benefits paid	(117,875)	(1,346,487)
Security deposits - net	521,323	-
<b>Net cash used in operating activities</b>	<b>(1,328,910,215)</b>	<b>(1,046,729,367)</b>

**Cash flow from investing activities**

Fixed capital expenditure	(266,534,316)	(541,874,217)
Sale proceeds from disposal of property, plant and equipment	-	1,562,184
Income on bank deposits received	4,789,655	1,617,872
<b>Net cash used in investing activities</b>	<b>(261,744,661)</b>	<b>(538,694,161)</b>

**Cash flow from financing activities**

Short term borrowings - net	1,346,522,919	1,367,530,043
Liabilities against assets subject to finance lease - net	(10,007,753)	(1,275,269)
Finance cost paid	(91,153,063)	(38,183,230)
Dividends paid	(855)	-
<b>Net cash generated from financing activities</b>	<b>1,245,361,248</b>	<b>1,328,071,544</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(345,293,628)</b>	<b>(257,351,984)</b>
<b>Cash and cash equivalents - at beginning of the period</b>	<b>1,195,301,690</b>	<b>333,539,919</b>
<b>Cash and cash equivalents - at end of the period</b>	<b>850,008,062</b>	<b>76,187,935</b>

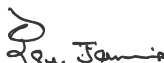
The annexed notes form an integral part of these financial statements.



Chairman



Chief Executive



Director



Chief Financial Officer



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

For the Quarter ended 31 March 2018



1. Fauji Foods Limited ("the Company") was incorporated in Pakistan on 26 September 1966 as a Public Company and its shares are quoted on Pakistan Stock Exchange. It is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products. The registered office of the Company is situated at FFBL Complex, 103 A/B, Shahrah-e-Quaid-e-Azam, Lahore and the manufacturing facility is located at Bhalwal, District Sargodha.
2. This condensed interim financial information of the Company for the first quarter ended 31 March, 2018 is un-audited and has been presented in accordance with the requirements of the International Accounting Standard (IAS - 34 Interim Financial Reporting) and provisions of and directives issued under the Companies Act, 2017 (the Act). In case where the requirements differ, the provisions of or directives issued under the Act have been followed. These are required to be presented to the shareholders under section 237 of the Act.
3. This condensed interim financial information does not include all the information required for the full financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December, 2017.
4. The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company for the year ended 31 December, 2017.
5. The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to annual audited financial statements for the year ended 31 December, 2017.

## 6. Contingencies and commitments

### 6.1 Contingencies

- (i) The Company has issued following guarantees:

Guarantees aggregating Rs. 70.84 million (31 December 2017: Rs. 70.84 million) have been issued by banks on behalf of the Company to Sui Northern Gas Pipeline Limited, Pakistan State Oil and Controller Naval Account.

There has been no significant change in contingencies as reported in the audited financial statements of the Company for the period ended December 31, 2017.

## 6.2 Commitments

The Company has the following commitments in respect of:

- (i) Commitments, for capital expenditure, against irrevocable letters of credit outstanding at the year end were for Rs. 224.77 million (31 December 2017: Rs. 201.46 million).
- (ii) Commitments, for purchase of raw / packing material, outstanding at the year end were for Rs. 1,352.97 million (31 December 2017: Rs. 883.10 million).

	Note	Un-audited 31 March 2018	Audited 31 December 2017
<b>7. Property, plant and equipment</b>			
Opening balance - Net book value		<b>6,637,495,791</b>	3,821,427,382
Additions during the period / year		<b>92,096,390</b>	3,527,445,934
Capital Work in Process	7.1	<b>353,183,279</b>	184,777,907
		<b>7,082,775,460</b>	7,533,651,223
Book Value of property plant and equipment disposed off/adjusted during the period / year		-	(8,503,975)
Depreciation charged during the period / year		<b>(155,035,865)</b>	(702,873,550)
		<b>6,927,739,595</b>	<b>6,822,273,698</b>
<b>7.1 Capital work-in-progress</b>			
Plant and machinery		<b>246,326,167</b>	83,640,338
Building		<b>93,254,112</b>	87,534,569
Leased vehicles		<b>13,603,000</b>	13,603,000
		<b>353,183,279</b>	184,777,907
<b>8. Cost of Sales</b>			
Raw materials consumed		<b>1,024,305,794</b>	669,133,431
Milk collection expenses		<b>65,297,754</b>	26,387,986
Salaries, wages and other benefits		<b>50,346,202</b>	67,301,002
Power and fuel		<b>75,358,386</b>	62,317,825
Packing materials consumed		<b>755,016,264</b>	420,785,145
Stores and spares consumed		<b>61,680,144</b>	26,835,031
Repair and maintenance		<b>45,584,363</b>	3,727,087
Depreciation on property, plant and equipment			
- Milk collection centers		<b>13,841,105</b>	10,091,046
- Production facility		<b>133,049,691</b>	79,078,997
Insurance		<b>2,866,617</b>	3,020,672
		<b>2,227,346,320</b>	1,379,565,135



fauji foods

Note	Un-audited 31 March 2018	Audited 31 December 2017
Adjustment of work-in-process		
Opening stock	26,134,645	72,762,966
Closing stock	(70,867,645)	(95,271,000)
	<b>(44,733,000)</b>	<b>(22,508,034)</b>
Cost of goods manufactured	<b>2,182,613,320</b>	1,357,057,101
Adjustment of finished goods		
Opening stock	123,457,306	175,283,807
Closing stock	(530,096,306)	(268,751,000)
	<b>(406,639,000)</b>	<b>(93,467,193)</b>
	<b>1,775,974,320</b>	<b>1,263,589,908</b>

## 9. Related party disclosure

Related parties comprise of associated undertakings, directors, entities with common directorship, post employment plans and key management personnel. Significant transactions with related parties are as follows:

Relationship with the company	Nature of transactions	01 January to 31 March 2018 Rupees	01 January to 31 March 2017 Rupees
<b>i. Associated Undertakings</b>			
Fauji Fertilizer Bin Qasim Limited	Salaries of seconded employees charged by related party	-	14,459,239
	Repair & maintenance and building rent expense charged by related party	14,478,815	8,351,400
	Expense paid by related party on behalf of the Company	918,531	-
Askari Bank Limited	Finance cost charged by related party	3,264,060	12,980,783
	Interest income on saving accounts	3,829,732	1,505,301
	Utilities expense paid on behalf of the related party	276,493	-
Fauji Security Services Private Ltd.	Expenses paid against security services	472,240	-
Fauji Meat Limited	Expense paid by related party on behalf of the Company	459,266	-
Employee's Provident Fund Trust	Contribution for the year	7,098,699	5,464,937
<b>ii. Associated persons</b>			
Mr. Salman Hayat Noon (Non-Executive Director)	Consultancy fee expense	1,968,327	1,968,327
Directors	Meeting fee	1,274,650	604,400
Key management personnel	Remuneration and benefits	15,245,324	14,839,596

**10. Date of authorization of issue**

These condensed interim financial informations were authorized for issue on April 23, 2018 by the board of directors of the Company.

**11. Events after the balance sheet date**

There are no subsequent events occurring after balance sheet date.



Chairman



Chief Executive



Director



Chief Financial Officer



**fauji foods**

**Head Office**

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

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