

FFL/HO/CS

July 25, 2017



1. The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building Stock Exchange Road
Karachi.
2. Securities and Exchange Commission of Pakistan,
7th Floor, NIC Building,
Jinnah Avenue, Blue Area,
Islamabad.

Subject: **Financial Results for the Quarter ended June 30, 2017 / Issue of Right Shares**

Dear Sir,

We have to inform you that the Board of Directors of our company in their meeting held on July 25, 2017 at 11:45 a.m. at Islamabad recommended the following:

- | | | | |
|-------|---------------------|---|------|
| (i) | CASH DIVIDEND | : | Nil. |
| (ii) | BONUS SHARES | : | Nil. |
| (iii) | RIGHT SHARES | | |

The Board has recommended to issue **300% Right Shares at the price of Rs.10/- per share** in proportion of 300 Ordinary shares for every 100 Ordinary or 100 Non-Voting Ordinary shares.

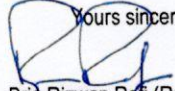
- | | | |
|------|--|------|
| (iv) | ANY OTHER ENTITLEMENT/CORPORATE ACTION : | Nil. |
| (v) | ANY OTHER PRICE-SENSITIVE INFORMATION : | Nil. |

The financial results of the Company are attached.

The Share Transfer Books of the Company (FFL and FFLNV) will be closed from **August 19, 2017 to August 25, 2017** (both days inclusive) to determine the entitlement for offer of right shares. Transfers received at the Share Registrar of the Company, i.e. M/s Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore at the close of business on **August 18, 2017** will be treated in time for the purpose of above entitlement to the transferees.

The Statement of Purpose, Benefits, Use of Funds and Financial Projections for 5 years signed by all the directors attending the meeting are enclosed.

We will be sending you 200 copies of printed accounts for distribution amongst the TRE Certificate Holders of the Exchange.

Yours sincerely,

Brig Rizwan Rafi (Retd)
Company Secretary

Encl: As above.

Fauji Foods Limited
 Condensed Interim Profit and Loss Account (Un-audited)
 For the half year ended 30 June 2017

	For the quarter ended		For the half year ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	----- Rupees -----		----- Rupees -----	
Sales - net	1,250,958,675	618,786,300	2,520,039,306	1,080,039,303
Cost of sales	(1,225,914,067)	(570,736,778)	(2,489,503,975)	(987,454,686)
Gross profit	25,044,608	48,049,522	30,535,331	92,584,617
Marketing and distribution expense	(541,767,798)	(289,579,276)	(913,043,552)	(565,880,231)
Administrative expenses	(101,539,781)	(63,677,595)	(213,367,206)	(99,076,455)
Other income	9,853,231	7,001,870	16,328,702	11,136,538
Other expenses	(14,567,463)	(23,331,089)	(21,661,598)	(25,078,251)
Loss from operations	(622,977,203)	(321,536,568)	(1,101,208,323)	(586,313,782)
Finance cost	(102,000,079)	(37,544,120)	(178,299,262)	(62,004,497)
Loss before taxation	(724,977,282)	(359,080,688)	(1,279,507,585)	(648,318,279)
Taxation	(55,269,931)	112,944,175	52,596,012	213,178,654
Loss for the period	(780,247,213)	(246,136,513)	(1,226,911,573)	(435,139,625)
Loss per share - basic and diluted	(5.91)	(2.04)	(9.29)	(4.91)

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.



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**Statement of Purpose, Benefits, Use of Funds and Financial Projections under
Section 5(ii) of The Companies (Issue of Capital) Rules, 1996**

PURPOSE OF THE RIGHT ISSUE	<ul style="list-style-type: none"> The purpose of Right Issue is Business expansion/ diversification and working capital requirements.
BENEFITS TO THE COMPANY	<ul style="list-style-type: none"> Business will be expanded by strengthening end to end supply chain, introducing new products and enhancing media presence in Market. Revenue will be increased from PKR 6.2 Billion to PKR 30.8 Billion over the period of 5 years. Profit generation of PKR 2.4 Billion in year 2022. Improved financial position of the Company.
USE OF FUNDS	<ul style="list-style-type: none"> The proceeds from Right Issue will be utilized for expansion of sales and distribution network, increasing media spend for enhanced brand equity, improvement of Raw Milk procurement system, research and development of new products and working capital.
QUANTUM OF ISSUE	<ul style="list-style-type: none"> 396,305,394 Voting Ordinary Shares (300% of existing paid-up capital of the Company) be offered by way of right shares to the holders of Voting Ordinary Shares and Non-Voting Ordinary Shares in equal proportion to their respective existing holdings.
PRICE PER SHARE	<ul style="list-style-type: none"> At par value of PKR 10 per Share.
ASSOCIATED RISK FACTOR	<ul style="list-style-type: none"> Investment Risk: Right issue is made at par value of PKR 10/- each which is far less than the current share price in the market. Hence, there is no major investment risk associated with the right issue. Operational Risk: There is no operational risk



associated with Plant Capacity to meet projected business growth.

- Market/Demand Risk: There is no market risk associated with demand of dairy products and the overall industry is expected to grow positively in future.

FINANCIAL PROJECTIONS (PKR Mn.)

Five years financial projections of the Company's operations are as follows:

Particulars	Rs. In Millions				
	CY 18	CY 19	CY 20	CY 21	CY 22
Revenue	10,642	15,064	20,323	26,087	30,809
Cost of Goods Sold	(9,233)	(12,019)	(15,385)	(19,075)	(21,854)
Gross Profit	1,410	3,045	4,938	7,012	8,955
Operating Expenses	(3,227)	(3,622)	(4,065)	(4,575)	(4,980)
Earnings before Interest and Tax	(1,817)	(577)	873	2,438	3,975
Financial Charges	(392)	(511)	(569)	(469)	(298)
Profit Before Taxation	(2,209)	(1,088)	283	1,831	3,419
Taxation	375	347	(66)	(531)	(1,009)
Profit After Taxation	(1,834)	(741)	217	1,300	2,411
Revised Paid up Capital	5,284	5,284	5,284	5,284	5,284

The Financial Plan is based upon expected opportunity available in Dairy industry in future.



Note: The above financial projections are based on the perception of the Directors regarding the performance of the business in the current business environment. The Company or its Director do not accept any liability for any investment decisions by any person on the basis of the above financial projections, nor do, they undertake any obligation to update publicly or release any revisions to the above projections, to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events.

Signed by:

Lt Gen Khalid Nawaz Khan

Lt Gen Javed Iqbal

Lt Gen Shafqaat Ahmed

Dr. Nadeem Inayat

Dr. Rashid Bajwa

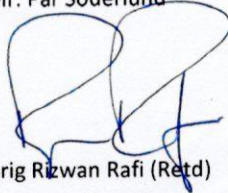
Mr. Qaiser Javed

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

Lt Col Abdul Khaliq Khan (Retd)

Mr. Iltifat Rasul Khan

Mr. Par Soderlund



Brig Rizwan Rafi (Retd)
Company Secretary

