



UNLEASHING PAKISTAN'S PROMISE IN EVERYTHING WE TOUCH

CONDENSED INTERIM FINANCIAL STATEMENTS

Nine months period ended **30 September, 2024**

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CORPORATE INFORMATION

Board of Directors

Lt Gen Anwar Ali Hyder, HI(M) (Retd)

Chairman

Lt Gen Ali Amir Awan, HI(M) (Retd)

Lt Gen Dr. Muhammad Zahid Latif Mirza (Retd)

Mr. Arif ur Rehman

Syed Bakhtiyar Kazmi

Ms. Nosheen Akhtar

Mr. Ali Asrar Hossain Aga

Mr. Basharat Ahmad Bhatti

Mr. Javed Kureishi

Audit Committee

Mr. Javed Kureishi - Chairman

Mr. Ali Asrar Hossain Aga

Syed Bakhtiyar Kazmi

Mr. Basharat Ahmad Bhatti

HR&R Committee

Mr. Ali Asrar Hossain Aga - Chairman

Ms. Nosheen Akhtar

Mr. Arif ur Rehman

Operation and Business Committee

Syed Bakhtiyar Kazmi – Chairman

Mr. Arif ur Rehman

Mr. Ali Asrar Hossain Aga

Mr. Basharat Ahmad Bhatti

Website

www.faujifoods.com

Plant

Bhalwal, District Sargodha

Chief Executive Officer

Mr. Usman Zaheer Ahmad

Chief Financial Officer

Mr. Waseem Haider

Company Secretary

Brig Naveed Azam Cheema (Retd)

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

Auditors

M/s A.F. Ferguson & Co.,

Chartered Accountants

Legal Adviser

Mr. Khurram Raza

Advocate Supreme Court

Bankers

Albaraka Bank

Askari Bank Limited

Bank Alfalah Limited

Bank Al-Habib Limited

Faysal Bank Limited

JS Bank Limited

MCB Bank Limited

National Bank of Pakistan Limited

Soneri Bank Limited

Bank of Punjab

FAUJI FOODS LIMITED – DIRECTORS’ REPORT TO THE SHAREHOLDERS

The Board of Directors of Fauji Foods Limited (FFL) is pleased to present the directors’ report along with the condensed unaudited interim financial information of the Company for 9 months period September 30th, 2024.

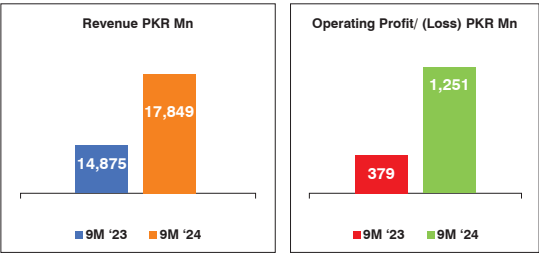
Food and dairy in Pakistan are amongst the largest consumer segments. FFL, with its growth trajectory, complete portfolio and strong capability is emerging as a significant player in Pakistan’s large and growing consumer market.

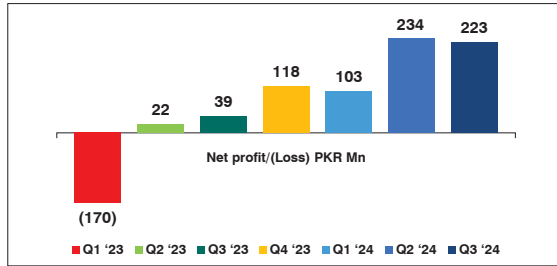
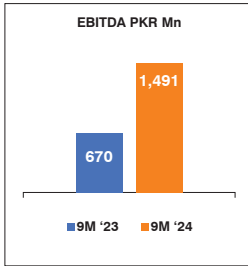
Uncertainty in local and global economic environment continues to pose challenges for all businesses. Recent arresting of the PKR devaluation & inflation provides hope going forward however global uncertainty around the situation in the middle east is expected to bring about international oil price spikes and may also prove challenging for the supply chain & material availability, continuous increase in electricity costs and the erosion of consumer’s buying power are a continuous cause of concern. Consequently, input costs continued to rise in 2024.

Despite milk being a staple food for the growing population of Pakistan, the government in its budget 2024-25 implemented GST of 18% on packaged milk plus various other taxes were also introduced across the board. Implementation of these taxes has significantly increased the cost of milk to consumers of Pakistan. In some cases, post introduction of 18% sales tax on packaged milk, the cost of packaged milk per liter is higher than that in the western economies. This has resulted in an additional burden on the budget of normal households who are already teetering under the immense pressure of high inflation & significant increase in salary taxation. We expect that the ability of the normal consumer to continue to keep this highly nutritious food item in their food basket will increasingly be impacted, resultantly reducing the already declining nutritional requirements of a growing population.

Despite continued economic challenges & uncertainty, FFL continued its journey to improve its operations and posted **Pkr 560 million as profit after tax (PAT)** YTD 9 months 2024 vs loss of Pkr (109) Mn **(+615%)**. Q3 2024 landed a PAT of Pkr 223 million vs Pkr 38.6 mn SPLY **(+479%)**, it was the 6th consecutive quarter reported in green by the company. Q3 2024 revenue hit PKR 6.44 bn **(+31%** over SPLY) whereas YTD 9 months 2024 revenue hit Pkr 17.85 bn **(+20%** over SPLY) as Fauji Foods Limited continued its growth streak.

The commercial sustainability is reflected by the improved structure of the P&L as Gross Margins increased for **Q3 2024** from 11.9% SPLY to **14.84%**, a gross margin improvement of **2.9%** and for YTD 9 months **2024** from 13% to **18%**, an improvement in gross margin of **5%**. The improved margins were driven by improved internal efficiencies. Q3 2024 FFL reported **operating profit of PKR 236 Mn** vs PKR 68 million profit in SPLY, **an increase of 248%**, while for YTD 9 months 2024 the **operating profit landed at Pkr 1,251 Mn** vs Pkr 379 mn, **an increase of 230%**. With a solid turnaround strategy delivering results, the **EBITDA** which has been on a growth path stood at **PKR 1,491 Mn** at the end of **9 months of 2024** vs an EBITDA of Pkr 670 Mn SPLY, registering **an increase of 123%**, while **EBITDA for Q3 2024** was **Pkr 398 Mn** vs an EBITDA of Pkr 221 Mn SPLY, registering **an increase of 80%**.





*Q4'23 results exclude deferred tax income of PKR 596 Mn

FFL's persistence with the strategy of Margin Accretive growth and focus on cost efficiencies have been key in the improvement of business performance & has brought sustainability to business results. The impact of progress on each of these strategic pillars is captured below:

a) Margin Accretive Growth:

FFL achieved **growth of 20% in Net Revenue** during the 9 months of 2024 over same period last year (SPLY). This was driven by continued revenue growth in UHT Milk (**47% vs SPLY**).

b) Reducing The COGS:

The topline growth was complemented by improvements in **Gross margins which grew by 5%**, from 13% SPLY to **18% in 9 months 2024**. Focus on cost efficiencies along with strong performance in the supply chain function has delivered improved margins. This coupled with the consolidation of high margin cereals business have been the key drivers of the margin growth. Twin sustainability projects of 1 MW solar and biomass continue to positively impact energy costs.

c) Capability:

FFL has invested in acquiring and retaining top talent. With performance management systems firmly in place, a strong talent backbone is taking shape. The cultural turnaround is reflected in engagement scores that have increased three folds.

Future Outlook:

Looking ahead, the investment in brands and distribution infrastructure should continue to fuel growth while high margin Cereals business should help Fauji Foods deliver a healthy margin. With the legacy debt burden removed, margin led focus growth will help improve FFL's financial performance even faster whilst introducing new products. The recent imposition of 18% GST on packaged milk plus other taxes on the supply chain to consumers as well as increased salary taxation is expected to be challenging for the business as these have further eroded the buying power of the consumers. We are confident that FFL driven by its vision of "Unleashing Pakistan's promise in everything we touch" will not only continue to build a successful business but leave a mark on the broader national landscape for times to come.

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

Lt Gen Anwar Ali Hyder
HI(M), (Retd)
Chairman

Usman Zaheer Ahmad
Chief Executive Officer

Dated: October 22, 2024

فوجی فوڈز لمیٹڈ ڈائریکٹرز کی حصص داران کو رپورٹ

فوجی فوڈز لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 ستمبر 2024 کو ختم ہونے والی نو ماہی کے لیے کمپنی کی مجموعی غیر آڈٹ شدہ عبوری مالیاتی معلومات کے ہمراہ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوش محسوس کر رہا ہے۔

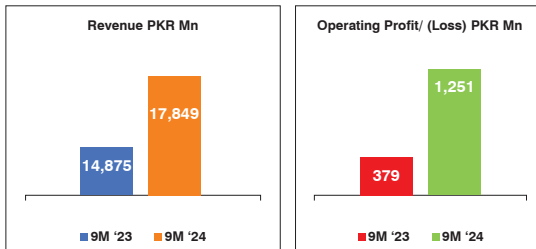
پاکستان میں خوراک اور ذمیری کا صارفین کے سب سے اہم شعبوں میں شمار ہوتا ہے۔ ایف ایف ایل اپنی ترقی کی راہ میں گامزن، مکمل پورٹ فولیو اور مضبوط صلاحیت کے ساتھ پاکستان کی اہم اور بڑھتی ہوئی کنزیومر مارکیٹ میں ایک اہم کھلاڑی کے طور پر ابھر رہا ہے۔

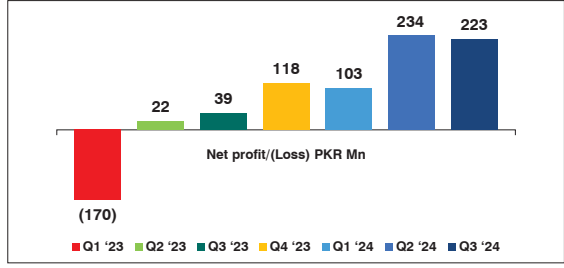
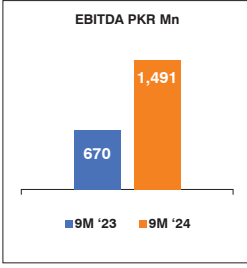
مقامی اور عالمی معاشی ماحول میں غیر یقینی صورتحال تمام کاروباری اداروں کے لئے مشکلات کا باعث بنی ہوئی ہے۔ روپیہ کی قدر میں کمی اور افراط زر کی حالیہ روک تھام مستقبل میں اُمید پیدا کرتی ہے تاہم مشرق وسطیٰ کی صورتحال کے بارے میں عالمی غیر یقینی صورتحال سے بین الاقوامی سطح پر تیل کی قیمتوں میں اضافے کا خدشہ ہے اور یہ سپلائی چین اور مواد کی دستیابی کے لئے بھی مشکل ثابت ہو سکتا ہے، بجلی کی قیمتوں میں مسلسل اضافہ اور صارفین کی قوت خرید میں کمی باعث تئو شیش ہے۔ نتیجتاً، 2024 میں پیداواری اخراجات میں اضافہ جاری رہا۔

پاکستان کی بڑھتی ہوئی آبادی کے لیے دودھ ایک اہم غذا ہونے کے باوجود حکومت نے اپنے بجٹ 2024-25 میں پیک شدہ دودھ پر 18 فیصد جی ایس ٹی نافذ کیا۔ ان ٹیکسوں کے نفاذ سے پاکستان کے صارفین کے لئے دودھ کی قیمت میں نمایاں اضافہ ہوا ہے۔ کچھ معاملات میں، پیک شدہ دودھ پر 18 فیصد سبز ٹیکس کے نفاذ کے بعد، پیک شدہ دودھ کی فی لیٹر قیمت مغربی معیشتوں کے مقابلے میں زیادہ ہے۔ اس کے نتیجے میں عام گھرانوں کے بجٹ پر اضافی بوجھ پڑا ہے جو پہلے ہی افراط زر اور تنخواہوں پر ٹیکس میں نمایاں اضافے کا شدید باؤ کا شکار ہیں۔ ہم توقع کرتے ہیں کہ عام صارفین کی اس انتہائی غذائیت سے بھرپور غذائی اشیاء کو اپنی فوڈ باسکٹ میں رکھنے کی صلاحیت تیزی سے متاثر ہوگی، جس کے نتیجے میں بڑھتی ہوئی آبادی کی پہلے سے ہی کم غذائی ضروریات میں کمی آئے گی۔

مسلسل معاشی مشکلات اور غیر یقینی صورتحال کے باوجود ایف ایف ایل نے اپنے آپریٹنگز کو بہتر بنانے کے لیے اپنا سفر جاری رکھا اور گزشتہ سال (109) ملین روپے (615+ فیصد) نقصان کے مقابلے 2024ء کی نو ماہی میں 560 ملین روپے بعد از ٹیکس منافع (PAT) درج کیا ہے۔ سال 2024 کی تیسری سہ ماہی میں 38.6 ملین روپے (479+ فیصد) کے مقابلے میں 223 ملین روپے PAT حاصل ہوا، یہ کمپنی کی جانب سے مسلسل چھٹی گرین سہ ماہی تھی۔ 2024ء کی تیسری سہ ماہی میں آمدنی 6.44 ملین روپے (گزشتہ سال کی اسی مدت کے مقابلے میں 31+ فیصد زیادہ) تک پہنچ گئی جبکہ سال 2024 کی نو ماہی کی آمدنی 17.85 ملین روپے (گزشتہ سال کی اسی مدت کے مقابلے میں 20+ فیصد زیادہ) تک پہنچ گئی کیونکہ فوجی فوڈز لمیٹڈ نے اپنی نمونہ کا سلسلہ جاری رکھا۔

تجارتی استحکام پی ایچ ایل کے بہتر ڈھانچے سے ظاہر ہوتا ہے کیونکہ 2024 کی تیسری سہ ماہی کے لئے مجموعی مارجن گزشتہ سال کی اسی مدت کے 11.9 فیصد سے بڑھ کر 14.84 فیصد ہو گیا، مجموعی مارجن میں 2.9 فیصد کی بہتری اور 2024 کی نو ماہی کے لئے مجموعی مارجن میں 13 فیصد سے 18 فیصد تک بہتری آئی، مجموعی مارجن میں 5% کا اضافہ ہوا۔ بہتر مارجن، بہتر داخلي کارکردگی کی وجہ سے تھا۔ 2024ء کی تیسری سہ ماہی میں ایف ایف ایل نے گزشتہ سال کی اسی مدت کے 68 ملین روپے کے مقابلے میں 236 ملین روپے کا آپریٹنگ منافع ظاہر کیا جو 248 فیصد کا اضافہ ہے جبکہ سال 2024 کی نو ماہی کے لئے آپریٹنگ منافع 230 فیصد اضافہ کے ساتھ 379 ملین روپے کے مقابلے میں 1251 ملین روپے رہا۔ ٹھوس تبدیلی کی حکمت عملی کے نتیجے میں EBITDA جنومو کی راہ پر گامزن ہے، 2024ء کے 9 ماہ کے اختتام پر 1491 ملین روپے رہا جبکہ گزشتہ سال کی اسی مدت میں 670 ملین روپے کا EBITDA تھا جو 123 فیصد اضافہ ظاہر کرتا ہے، جبکہ 2024ء کی تیسری سہ ماہی میں EBITDA گزشتہ سال کی اسی مدت کے 221 ملین روپے کے مقابلے میں 398 ملین روپے رہا، جو 80 فیصد اضافہ ظاہر کر رہا ہے۔





*Q4'23 کے نتائج میں 596 ملین روپے کی مؤخریکس آمدنی شامل نہیں ہے۔

مارجن ایکریٹو نمواور لاگت کو کم کرنے کی حکمت عملی کے ساتھ FFL کی استقامت نے کاروباری نتائج میں استحکام پیدا کیا ہے۔ ان میں سے ہر ایک اسٹریٹجک چلر پر پیشرفت کے اثرات ذیل میں دکھائے گئے ہیں:

(a) مارجن ایکریٹو نمو:

FFL نے گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 2024 کی نو ماہی میں خالص آمدنی میں 20 فیصد کی نمو حاصل کی۔ یہ UHT دودھ (vs SPLY) (47%) کی آمدنی میں مسلسل اضافے کی وجہ سے ہوا۔

(b) COGS کی کمی:

ٹاپ لائن نموجمعی مارجن میں بہتری سے سراہا گیا جو سال 2023 کی نو ماہی کی 13% سے 5% بڑھ کر سال 2024 کی نو ماہی میں 18% ہو گیا ہے۔ پلائی چین فنکشن میں مضبوط کارکردگی کے ساتھ ساتھ لاگت کی بچت پر توجہ دینے سے بہتر مارجن حاصل ہوا ہے۔ یہ اعلیٰ مارجن اناج کے کاروبار کے استحکام کے ساتھ مل کر مارجن میں اضافے کے اہم محرک رہے ہیں۔ 1 میگاواٹ شمسی اور پائیدار منصوبے توانائی کی لاگت پر مثبت اثرات مرتب کر رہے ہیں۔

(c) صلاحیت:

ایف ایف ایل نے اعلیٰ ٹیلنٹ حاصل کرنے اور برقرار رکھنے میں سرمایہ کاری کی ہے۔ پرفارمنس مینجمنٹ سسٹم کے مضبوط قیام کے ساتھ، پائیدار ٹیلنٹ ریڑھ کی ہڈی تشکیل پا رہی ہے۔ ثقافتی تبدیلی انجمنٹ اسکور میں ظاہر ہوتی ہے جس میں تین گنا اضافہ ہوا ہے۔

مستقبل کا نقطہ نظر:

آگے دیکھتے ہوئے، براڈنڈ اور ڈسٹری بیوشن انفراسٹرکچر میں سرمایہ کاری نموکوتیز کرنے کے لئے جاری رکھنی چاہیے جبکہ زیادہ مارجن والے سیریلز کاروبار کو مستحکم مارجن فراہم کرنے میں فوجی فوڈز کی مدد کرنی چاہئے۔ مستقبل کو دیکھتے ہوئے، براڈنڈ اور ڈسٹری بیوشن انفراسٹرکچر میں سرمایہ کاری سے نموکوفروغ ملنا چاہئے جبکہ زیادہ مارجن والے سیریلز کے کاروبار کو فوجی فوڈز کو صحت مند مارجن فراہم کرنے میں مدد ملنی چاہئے۔ وراثتی قرضوں کو بوجھ کو کم کرنے کے ساتھ، مارجن کی زیر قیادت فوکس گروتھ نی مصنوعات متعارف کرواتے ہوئے ایف ایف ایل کی مالی کارکردگی کو مزید تیزی سے بہتر بنانے میں مدد دے گی۔ ایک شدہ دودھ پر 18 فیصد جی ایس ٹی کے نفاذ کے ساتھ ساتھ صارفین کو پلائی چین پروڈیگٹس اور تنخواہوں پر ٹیکس میں اضافہ کاروبار کے لئے مشکل ہونے کی توقع ہے کیونکہ اس سے صارفین کی قوت خرید میں مزید کمی واقع ہوئی ہے۔ ہمیں یقین ہے کہ ایف ایف ایل اپنے وژن "ہم جس چیز کو بھی چھوٹے ہیں اس میں پاکستان کے وعدہ کو اجاگر کرتے ہوئے" نہ صرف ایک کامیاب کاروبار کی تعمیر جاری رکھے گا بلکہ آئندہ وقتوں کے لئے وسیع تر قومی منظر نامہ پر ایک نشان چھوڑے گا۔

بورڈ قابل قدر اسٹیک ہولڈرز اور شیئر ہولڈرز کا ان کے اعتماد اور کفنی کے ساتھ مسلسل تعاون کا شکریہ ادا کرتا ہے۔

محمد شہد احمد
چیف ایگزیکٹو آفیسر

لیفٹیننٹ جنرل اومل حیدر
Hi(M), (Retd)
چیئر مین

تاریخ: 22 اکتوبر 2024ء

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT September 30, 2024

	Note	(Un-audited) September 30 2024 Rupees	(Audited) December 31 2023 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 2,800,000,000 (December 31, 2023: 2,800,000,000) ordinary shares of Rs 10 each		<u>28,000,000,000</u>	<u>28,000,000,000</u>
Issued, subscribed and paid up share capital	6	25,199,631,390	25,199,631,390
Capital reserves			
Share deposit money	7	-	2,350,000,001
Share premium		1,801,082,303	1,801,082,303
Acquisition reserve	1.1	(2,850,316,594)	-
Surplus on revaluation of property, plant and equipment - net of tax		2,275,394,219	2,446,561,207
Revenue reserve			
Accumulated loss		(16,971,854,334)	(17,741,847,841)
		9,453,936,984	14,055,427,060
Non-current liabilities			
Lease liabilities		138,996,326	-
Employee retirement benefits		55,587,330	50,354,814
		194,583,656	50,354,814
Current liabilities			
Current portion of long term liabilities		27,268,168	52,635,293
Trade and other payables	8	2,614,396,685	2,013,980,303
Loans payable to Ultimate Parent Company	9	5,860,000,001	-
Unclaimed dividend		965,752	965,752
Accrued finance cost		-	36,945,209
		8,502,630,606	2,104,526,557
Contingencies and commitments	10	<u>18,151,151,246</u>	<u>16,210,308,431</u>

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.

Chairman

Chief Executive Officer

Director

Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT September 30, 2024

	Note	(Un-audited) September 30 2024 Rupees	(Audited) December 31 2023 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	11	8,945,106,733	9,028,156,064
Intangible assets		15,065,348	9,884,767
Investment in Subsidiary Company	12	210,000,000	-
Deferred taxation		-	-
Security deposits		22,800,000	10,318,982
		9,192,972,081	9,048,359,813
Current assets			
Stores, spares and loose tools		269,801,642	265,476,703
Stock-in-trade	13	1,312,342,684	2,131,405,881
Trade receivables from contract with customers		1,603,819,092	497,680,233
Loans and advances		95,935,885	29,256,194
Deposits, prepayments and other receivables		501,299,534	248,960,989
Accrued interest		195,696,244	62,215,078
Tax refunds due from Government	14	1,296,527,674	2,363,458,455
Cash and cash equivalents	15		
- Cash and bank balances		982,756,410	300,840,028
- Short term investments		2,700,000,000	1,000,000,000
		8,958,179,165	6,899,293,561
Asset held for sale	16	-	262,655,057
		<u>18,151,151,246</u>	<u>16,210,308,431</u>

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

For The Nine-Month And Three-Month Period Ended September 30, 2024

	Note	Nine-month ended September 30		Three-month ended September 30	
		2024 (Rupees)	2023 (Rupees)	2024 (Rupees)	2023 (Rupees)
Revenue from contracts with customers - net	17	17,848,603,201	14,874,987,463	6,435,124,298	4,916,710,088
Cost of revenue	18	(14,609,341,769)	(12,936,763,259)	(5,468,740,239)	(4,329,627,196)
Gross profit		<u>3,239,261,432</u>	<u>1,938,224,204</u>	<u>966,384,058</u>	<u>587,082,892</u>
Marketing and distribution expenses		(1,277,364,842)	(1,027,532,892)	(456,784,398)	(331,570,997)
Administrative expenses		(682,386,325)	(531,843,845)	(261,554,469)	(187,678,361)
Profit from operations		<u>1,279,510,264</u>	<u>378,847,467</u>	<u>248,045,191</u>	<u>67,833,534</u>
Other income		367,122,534	189,299,517	174,302,610	62,612,891
Other operating expenses		(578,165,875)	(145,306,846)	(57,234,296)	(22,603,374)
Finance costs		(25,217,357)	(341,400,691)	(10,508,601)	(6,030,962)
Profit / (loss) before levy & income tax		<u>1,043,249,566</u>	<u>81,439,447</u>	<u>354,604,903</u>	<u>101,812,089</u>
Levy		-	-	-	-
Profit / (loss) before income tax		<u>1,043,249,566</u>	<u>81,439,447</u>	<u>354,604,903</u>	<u>101,812,089</u>
Income tax expenses	19	(444,423,047)	(190,190,412)	(120,895,877)	(63,251,225)
Profit / (loss) after taxation for the period		<u>598,826,519</u>	<u>(108,750,965)</u>	<u>233,709,026</u>	<u>38,560,864</u>
Earnings / (loss) per share - basic and diluted	20	<u>0.24</u>	<u>(0.04)</u>	<u>0.09</u>	<u>0.02</u>

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)**
For The Nine-Month And Three-Month Period Ended September 30, 2024

	Nine-month ended September 30		Three-month ended September 30	
	2024	2023	2024	2023
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Profit / (loss) for the period	598,826,519	(108,750,965)	233,709,026	38,560,864
Other comprehensive income for the period				
Items that may be reclassified to profit or loss in subsequent periods (net of tax)	-	-	-	-
Items that will not be reclassified to profit or loss in subsequent periods (net of tax)	-	-	-	-
Total comprehensive income / (loss) for the period	<u>598,826,519</u>	<u>(108,750,965)</u>	<u>233,709,026</u>	<u>38,560,864</u>

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For The Nine-Month Period Ended September 30, 2024

Share capital	Capital reserve				Revenue reserve	Total
	Share Premium	Share deposit money	Surplus on revaluation of property, plant and equipment - net of tax	Acquisition reserve	Accumulated loss	

Rupees

Balance as at January 1, 2023 (audited) 15,840,881,590 1,835,148,153 2,708,749,801 2,131,898,795 - (18,469,229,527) 4,047,448,812

Loss after taxation for the period	-	-	-	-	- (108,750,965)	(108,750,965)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	- (108,750,965)	(108,750,965)

Transactions with owners in their capacity as owners

Issue of share capital	9,358,749,800	-	(708,749,800)	-	-	8,650,000,000
Share issuance cost	-	(34,065,850)	-	-	-	(34,065,850)
Share deposit money received	-	-	350,000,000	-	-	350,000,000
	9,358,749,800	(34,065,850)	(358,749,800)	-	-	8,965,934,150

Revaluation surplus realized through disposal of operating fixed assets	-	-	-	(22,479,082)	-	22,479,082
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Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	(67,401,373)	-	67,401,373
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Balance as at September 30, 2023 (un-audited) 25,199,631,390 1,801,082,303 2,350,000,001 2,042,018,340 - (18,488,100,037) 12,904,631,997

Balance as at January 1, 2024 (audited) 25,199,631,390 1,801,082,303 2,350,000,001 2,446,561,207 - (17,741,847,841) 14,055,427,060

Profit after taxation for the period	-	-	-	-	- 598,826,519	598,826,519
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	- 598,826,519	598,826,519

Transactions with owners in their capacity as owners

Acquisition reserve (note 1.1)	-	-	-	(2,850,316,594)	-	(2,850,316,594)
Reclassification of share deposit money into loan (note 7)	-	-	(2,350,000,001)	-	-	(2,350,000,001)
	-	-	(2,350,000,001)	(2,850,316,594)	-	(5,200,316,595)

Revaluation surplus realized through disposal of operating fixed assets	-	-	-	(86,621,177)	-	86,621,177
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Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	(84,545,811)	-	84,545,811
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Balance as at September 30, 2024 (un-audited) 25,199,631,390 1,801,082,303 - 2,275,394,219 (2,850,316,594) (16,971,854,334) 9,453,936,984

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For The Nine-Month Period Ended September 30, 2024

	Nine-month ended 30 September	
	2024 (Rupees)	2023 (Rupees)
Cash flow from operating activities		
Profit / (loss) before taxation	1,043,249,566	81,439,447
Adjustments to reconcile profit / (loss) before tax to net cash flows:		
Depreciation on property, plant and equipment	472,948,122	410,584,169
Amortization of intangible assets	1,494,549	938,827
Sales tax refundable written off	59,090,092	-
Provision for sales tax on tea whitener	254,622,021	-
Provision for obsolete stock in trade	16,476	-
Write-off of stores, spares and loose tools	13,915,510	-
Write-off of stock in trade	102,842,043	18,916,936
Advances written-off	15,948,501	-
Income tax refundable written off	14,229,824	-
Allowance for expected credit losses on trade receivables	23,543,269	-
Provision for Worker's Profit Participation Fund	56,143,235	-
Provision for Worker's Welfare Fund	23,368,947	-
Gain on disposal of property, plant and equipment	(2,305,875)	(4,852,551)
Profit on bank saving accounts and Term Deposit Receipts (TDRs)	(343,173,129)	(176,965,307)
Provision for employee retirement benefits	28,416,105	19,828,170
Finance cost	25,217,357	341,400,691
Operating profit before working capital changes	1,789,566,611	691,290,382
Working capital adjustments:		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(14,407,033)	(97,927,363)
Stock-in-trade	1,022,580,602	(748,553,934)
Trade debts	(1,005,229,777)	(299,814,908)
Loans and advances	(80,137,481)	(18,787,128)
Deposits, prepayments and other receivables	(117,975,674)	(83,030,476)
Asset held for sale	262,655,057	-
Sales tax refundable	468,209,766	(255,247,275)
Increase / (decrease) in current liabilities:		
Trade and other payables	354,873,955	378,375,973
	890,569,415	(1,124,985,111)
Cash generated from / (used in) operations	2,680,136,026	(433,694,729)
Income tax paid	(173,643,969)	2,087,756
Employee retirement benefits paid	(23,183,589)	(10,600,643)
Net cash generated from / (used in) operating activities	2,483,308,468	(442,207,616)
Cash flow from investing activities		
Acquisition of operating fixed assets	(201,258,800)	(651,326,341)
Sale proceeds from disposal of property, plant and equipment	5,634,295	81,137,191
Profit on saving accounts received	209,691,963	179,688,990
Net cash generated from / (used in) investing activities	14,067,458	(390,500,160)
Cash flow from financing activities		
Investment received from Fauji Foundation	-	350,000,000
Finance cost paid	(62,162,566)	(686,941,702)
Proceeds received against issuance of shares	-	8,650,000,000
Repayment of long term loans	-	(5,988,149,277)
Repayment of principal portion of lease liabilities	(58,647,977)	(54,441,642)
Share issuance cost	-	(34,065,849)
Net cash (used in) / generated from financing activities	(120,810,543)	2,236,401,530
Net increase in cash and cash equivalents	2,376,565,382	1,403,693,754
Cash and cash equivalents - at beginning of the period	1,300,840,028	(560,058,702)
Cash and cash equivalents transferred from Fauji Cereals	5,351,000	-
Cash and cash equivalents - at end of the period	3,682,756,410	843,635,052
Cash and cash equivalents comprise of the following:		
- Cash and bank balances	982,756,410	843,635,052
- Short term investments	2,700,000,000	-
	3,682,756,410	843,635,052

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Nine-Month And Three-Month Period Ended September 30, 2024

1 LEGAL STATUS AND OPERATIONS

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

BUSINESS	UNITLOCATION
Production	PlantBhalwal, District Sargodha
Registered Office and Head Office	42 CCA, Ex Park View, DHA Phase-VIII, Lahore

1.1 ACQUISITION OF FAUJI CEREALS PROJECT INTO THE COMPANY

With effect from February 19, 2024, the entire business of Fauji Cereals stands merged into the Company. Fauji cereals is engaged in the manufacturing and sales of cereals. The project started its operations in collaboration with Quaker Oats, England in 1954. The Project's main office is located at Dhamial Road, Rawalpindi and has its regional marketing offices in Lahore and Karachi.

The acquisition of Fauji Cereals Business has been identified as a 'Common Control Transaction' in light of the guidance provided in the financial reporting standard 'Accounting for Common Control Transactions' as developed by the Institute of Chartered Accountants of Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 53(I)/2022 dated January 12, 2022. In accordance with the said standard, the Company has applied the Predecessor Method' of accounting and measured all the assets acquired and the liabilities assumed at their carrying amounts as reflected in the statement of financial position of Fauji Cereals Business as at February 18, 2024.

Following are the details of the assets acquired, liabilities assumed and the consideration transferred:

Assets acquired:	Note	- In Rupees -
Property, plant and equipment		26,364,000
Stores, spares and loose tools		3,833,000
Stock-in-trade		306,376,000
Trade debts		124,452,000
Loans and advances		2,490,000
Deposits, prepayments and other receivables		146,846,406
Cash and bank balances		5,351,000
		615,712,406
Liabilities assumed:		
Trade and other payables		(107,345,000)
Contract liabilities		(58,684,000)
		(166,029,000)
Net assets acquired		449,683,406
Consideration	1.1.1	3,300,000,000
Recognized in equity as acquisition reserve		<u>(2,850,316,594)</u>

1.1.1 The consideration is payable on demand, with an all-time option to convert it into shares in a manner other than right at a price per share, which will be equal to the lower of par value or the average price per share on the stock exchange during the six months preceding the date on which the Fauji Foundation exercises its option to acquire shares. It has an interest-free grace period of two years, with an extension of time as mutually agreed upon by the parties. After two years, a markup of six months KIBOR plus spread of 50 basis points will be charged.

1.2 ACQUISITION OF FAUJI INFRAVEST FOODS LIMITED

During the period, the Company acquired 100% shareholding of Fauji Infravest Foods Limited from Fauji Foundation against a consideration of Rs. 210 million. The consideration is payable on demand, with an all-time option to convert it into shares in a manner other than right at a price per share, which will be equal to the lower of par value or the average price per share on the stock exchange during the six months preceding the date on which the Fauji Foundation exercises its option to acquire shares. It has an interest-free grace period of two years, with an extension of time as mutually agreed upon by the parties. After two years, a markup of six months KIBOR plus spread of 50 basis points will be charged.

2 BASIS OF PREPARATION

2.1 SEPARATE FINANCIAL STATEMENTS

These unconsolidated condensed interim financial statements are the separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investee. Consolidated condensed interim financial statements of the Company are prepared and presented separately.

Un-audited September 30	Audited December 31
2024	2023
(Direct holding percentage)	

The Company has the following subsidiary:

Subsidiary Companies

Fauji Infravest Foods Limited	100%	-
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2.1.1 Fauji Infravest Foods Limited ("FIFL") was incorporated in Pakistan as public limited company under the repealed Companies Ordinance 1984 (now Companies Act 2017) on July 2, 2014. The registered office of FIFL is situated at Fauji towers, 68 Tipu road, Chaklala, Rawalpindi. The principal activity of FIFL is to manufacture macronies, couscous and similar farinaceous products.

2.2 STATEMENT OF COMPLIANCE

These unconsolidated 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.



- 2.3** These unconsolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2019. These unconsolidated 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 financial statements of the Company for the year ended December 31, 2023. Comparative unconsolidated condensed interim statement of financial position is extracted from annual audited financial statements as of December 31, 2023, whereas comparatives for unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows are extracted from condensed interim financial statements of the Company for the nine-month period ended September 30, 2023.
- 2.4** These unconsolidated condensed interim financial statements are prepared in Pak Rupees, which is the functional and presentation currency of the Company. Figures have been rounded off to the nearest Pak rupee unless otherwise stated.
- 2.5** Provisions in respect of Workers' Welfare Fund, Workers' Profit Participation Fund, employee retirement benefits and taxation are estimated based on management judgment and prevailing laws; these are subject to final adjustments in the annual audited financial statements.

3 BASIS OF MEASUREMENT

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except for the measurement of certain items of property, plant and equipment which are carried at revalued amounts, while recognition of lease liability and employee retirement benefits are carried at present value respectively.

4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated condensed interim financial statements, in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these unconsolidated condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the audited financial statements of the Company for the year ended December 31, 2023 except for the estimation of income tax (see note 4.1).

4.1 TAXATION

Levy

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 'Application Guidance on Accounting for Minimum Taxes and Final Taxes' issued by the Institute of Chartered Accountants of Pakistan (ICAP), these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these unconsolidated financial statements, except for tax on normal business income which is specifically within the scope of IAS 12 and hence it continues to be categorised as current income tax.

Income tax

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income as the case may be.

5 MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2023 except for the adoption of amendments to approved accounting and reporting standards as applicable in Pakistan which became effective for the current period as disclosed in note 5.1. Moreover, following new policies have been adopted as disclosed in note 5.2.

5.1 STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS THAT ARE EFFECTIVE IN THE CURRENT PERIOD

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting period beginning on January 1, 2024, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

5.2 NEW POLICIES ADOPTED

5.2.1 ACCOUNTING OF COMMON CONTROL TRANSACTIONS - PREDECESSOR METHOD

The Company has adopted 'Predecessor Method' under 'Accounting for Common Control Transactions' (Accounting Standard) as developed by the Institute of Chartered Accountants of Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 53(I)/2022 dated January 12, 2022 as disclosed below:

RECOGNITION PRINCIPLE

As of the date of common control transaction, the Company recognises the assets transferred and liabilities assumed of the transferred entity; or received from the transferring entity. The Company recognises as part of applying the predecessor method only the consideration transferred for the transferred entity and the assets acquired and liabilities assumed in the exchange for the transferred entity. Other transactions have been accounted for separately in accordance with the relevant International Financial Reporting Standards as notified under the Companies Act, 2017.

MEASUREMENT PRINCIPLE

The Company measures the assets and liabilities received from the transferred / transferring entity at their carrying amounts as reflected in the financial statements of the transferred / transferring entity, at the date of common control transaction. No fair-value adjustments to the assets and liabilities of the transferred / transferring entity; or recognition of new assets or liabilities for the transferred / transferring entity are recorded in the financial statements.

The Company recognises within its 'equity' the difference between consideration transferred, measured in accordance with this Accounting Standard and net of carrying amount of the assets and liabilities received from the transferred / transferring entity, measured in accordance with this Accounting Standard. There is no recognition of new goodwill while accounting for the common control transaction under the predecessor method.

5.2.2 During the current period, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12, Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in

accordance with the Guidance, the Company has changed its accounting policy to designate the amount calculated on taxable income using the notified tax rate as an income tax expense. Any excess over the amount designated as income tax, is then recognized as a 'Levy' under 'IAS 37, Provisions, Contingent Liabilities and Contingent Assets', which were previously being recognised as 'income tax'.

The Company has accounted for the effects of this change in accounting policy retrospectively under 'IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors' and the corresponding figures have been restated in this financial information.

5.2.3 INVESTMENT IN SUBSIDIARIES

Investment in subsidiary companies is measured at cost as per the requirements of IAS 27 "Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in the unconsolidated statement of profit or loss.

5.3 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE COMPANY

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2024 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

6 SHARE CAPITAL

6.1 Issued, subscribed and paid up share capital

	(Un-audited) September 30 2024	(Audited) December 31 2023	(Un-audited) September 30 2024	(Audited) December 31 2023
Ordinary share capital	----- Number of shares -----		----- Rupees -----	
Ordinary shares of Rs.10 each fully paid in cash	1,557,228,762	1,557,228,762	15,572,287,620	15,572,287,620
Ordinary shares of Rs 10 each issued as fully paid bonus shares	2,639,200	2,639,200	26,392,000	26,392,000
Ordinary shares of Rs 10 each issued on conversion of loans	882,020,197	882,020,197	8,820,201,970	8,820,201,970
Ordinary shares of Rs 10 each issued on conversion of accrued mark-up	70,874,980	70,874,980	708,749,800	708,749,800
Voting ordinary shares of Rs. 10 each issued on conversion of cumulative convertible preference shares	7,200,000	7,200,000	72,000,000	72,000,000
	<u>2,519,963,139</u>	<u>2,519,963,139</u>	<u>25,199,631,390</u>	<u>25,199,631,390</u>

6.2 Ordinary shares of the Company held by associated undertakings and directors at period / year end are as follows:

Ordinary share capital	(Un-audited) September 30 2024	(Audited) December 31 2023	(Un-audited) September 30 2024	(Audited) December 31 2023
	----- Percentage held -----		----- Number of shares -----	
<i>Fauji Fertilizer Bin Qasim Limited</i>				
- voting ordinary shares	47.84%	47.84%	1,205,576,237	1,205,576,237
<i>FFBL Power Company Limited</i>				
- voting ordinary shares	15.87%	15.87%	400,000,000	400,000,000
<i>FFC Energy Limited</i>				
- voting ordinary shares	18.45%	18.45%	465,000,000	465,000,000
<i>Fauji Foundation</i>				
- voting ordinary shares	2.67%	2.67%	67,371,916	67,371,916
<i>Directors, Officers, their spouse and minor children</i>				
- voting ordinary shares	0.01%	0.01%	349,421	349,421
			<u>2,138,297,574</u>	<u>2,138,297,574</u>

7 Share deposit money

Under the terms of the agreement dated August 29, 2022, the Company received an amount of Rs. 2,350 million in prior years from Fauji Foundation. The amount was convertible in ordinary shares at face value. The Company, in its Extraordinary General Meeting held on October 18, 2022, had approved further issue of shares against the said amount, by way of other than right issue. The requisite approval from SECP was obtained on January 23, 2023 for issuance of shares against the above mentioned amount. The approval was valid for a period of 60 days. Prior to lapse of the said approval, a request was received from Fauji Foundation to defer the share allotment. Based on the above request, pursuant to the Board of Directors' approval dated March 01, 2023, the Company has deferred the allotment / issuance of Ordinary Shares at par value to Fauji Foundation, till further communication. During the current period, the Company received a letter from Fauji Foundation dated April 18, 2024 wherein the Foundation withdrew its consent to exercise the option to acquire shares and required the amount to be treated as a loan as per the original loan agreement. Accordingly, the amount has been reclassified from share deposit money to loan with mutual consent of both the Companies. The Company is currently in the process of completing necessary legal and regulatory requirements.

8	TRADE AND OTHER PAYABLES	Note	(Un-audited) September 30 2024	(Audited) December 31 2023
			(Rupees)	(Rupees)
	Trade and other creditors	8.1	1,152,614,146	817,757,721
	Accrued expenses		1,089,505,049	739,996,729
	Contract liabilities		195,442,760	133,178,553
	Advance against disposal of machine		-	262,655,057
	Retention money payable		1,006,732	2,325,832
	Due to employees		1,549,809	1,357,389

Withholding income tax payable	55,244,196	11,061,563
Withholding sales tax payable	11,481,447	15,309,546
Payable to Provident Fund	7,308,516	8,400,458
Workers' Profit Participation Fund payable	68,871,914	15,109,286
Workers' Welfare Fund payable	29,024,754	5,655,807
Others	2,347,362	1,172,362
	<u>2,614,396,685</u>	<u>2,013,980,303</u>

	(Un-audited) September 30	(Audited) December 31
Note	2024	2023
	(Rupees)	(Rupees)
8.1 These include amounts due to following related parties:		
Fauji Infraavest Foods Limited	1,609,352	-
Askari Bank Limited	446,944	-
Fauji Fertilizer Bin Qasim Limited	3,500,000	500,000
Fauji Foundation	32,020,760	11,648,867
	<u>37,577,056</u>	<u>12,148,867</u>

9 LOANS PAYABLE TO ULTIMATE PARENT COMPANY

On account of acquisition related to Fauji Cereals	1.1	3,300,000,000	-
On account of acquisition related to Fauji Infraavest Foods Limited	1.2	210,000,000	-
Share deposit money reclassified into loan	7	2,350,000,001	-
		<u>5,860,000,001</u>	<u>-</u>

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There has been no significant change in the status of the contingent liabilities disclosed as at December 31, 2023 except for the following:

- (i) The Company was served with notice under rule 44(4) of the Income Tax Rules 2002 dated March 2, 2021 issued by the DCIR, The Company filed reply on March 8, 2021. The DCIR served a show cause notice under section 161(1 A) of the Ordinance dated October 4, 2021 against which the Company filed reply. DCIR passed time barred order under section 161(1) of the Ordinance May 22, 2024 wherein total tax demand was raised amounting to Rs. 10.07 million. Being aggrieved, the Company filed an appeal before CIR(A) against the abovementioned order and the same is pending adjudication.
- (ii) The department passed an order dated March 14, 2022 and served the same after one year on March 14, 2023 creating a demand of Rs. 103 million on account of claim of inadmissible input sales tax in sales tax returns. Being aggrieved, the Company preferred an appeal before CIR(A). The CIR(A) remanded the case back to department for fresh proceedings. The Company filed an appeal before ATIR on July 27, 2023 on the subject that the appellate order should annul the assessment order instead of remanding back to the tax officer. ATIR has stayed the remand back proceedings vide stay order dated June 4, 2024, while the hearing of main appeal is still pending.

The management and the taxation expert of the Company believe that there are meritorious grounds available to defend the above mentioned demands relating to the respective cases, consequently, no provision has been recorded in these unconsolidated condensed interim financial statements with respect to the above matters.

10.2 Commitments

The Company has the following commitments:

Commitments in respect of capital expenditure outstanding at the period end amounted to 323.8 million (December 31, 2023: Rs. 88.9 million).

Commitments in respect of the purchase of raw and packing material outstanding at the period end amounted to Rs. 46.2 million (December 31, 2023: Rs. 99.24 million).

Guarantees aggregating to Rs.194.7 million (December 31, 2023: Rs. 21.89 million) have been issued by banks of the Company to Sui Northern Gas Pipeline Ltd, Pakistan State Oil, Naval Accounts Karachi, Pakistan Oxygen Limited and Remount veterinary and corps farms.

		(Un-audited) September 30	(Audited) December 31
11	PROPERTY, PLANT AND EQUIPMENT	2024 (Rupees)	2023 (Rupees)
	Operating fixed assets		
	- Owned assets	8,278,771,212	8,356,484,835
	- Right-of-use assets	361,937,179	218,654,813
		11.1 8,640,708,391	8,575,139,648
	Capital work-in-progress	11.2 304,398,342	453,016,416
		8,945,106,733	9,028,156,064

		(Un-audited) September 30	(Audited) December 31
11.1	Operating fixed assets	2024 (Rupees)	2023 (Rupees)
	Net book value (NBV) at beginning of the period / year	8,575,139,648	7,847,856,113
	Additions during the period / year at cost		
	- Assets transferred from Fauji Cereals	26,366,362	
	- Owned assets	131,517,694	627,680,379
	- Right-of-use assets	172,277,178	
	Disposals during the period / year at NBV		
	- Owned assets	(3,328,420)	(76,573,457)
	- Right-of-use assets	-	
	Revaluation during the year	-	1,033,527,325
	Transfer to asset held-for-sale	-	(264,414,670)
	Transferred from capital work in progress	211,684,051	
	Depreciation charged during the period / year		
	- Owned assets	(443,953,310)	(555,614,927)
	- Right-of-use assets	(28,994,812)	(37,321,115)
	Net book value at end of the period / year	8,640,708,391	8,575,139,648

	(Un-audited) September 30	(Audited) December 31
	2024	2023
11.2 Capital work-in-progress	(Rupees)	(Rupees)
Plant and machinery	304,398,342	437,067,915
Advances against capital expenditure	-	15,948,501
11.2.1	<u>304,398,342</u>	<u>453,016,416</u>

11.2.1 This includes Rs. 223.13 million (December 31, 2023: Rs. 245.40 million) relating to construction of waste water treatment plant which is in progress.

	(Un-audited) September 30	(Audited) December 31
	2024	2023
12 INVESTMENT IN SUBSIDIARY COMPANY	(Rupees)	(Rupees)
Investment - at cost	<u>210,000,000</u>	<u>-</u>

12.1 The Company holds 100% (December 31, 2023: nil) shares in Fauji Infraavest Foods Limited, a wholly owned subsidiary of the Company.

		(Un-audited) September 30	(Audited) December 31
13 STOCK IN TRADE	Note	2024	2023
		(Rupees)	(Rupees)
Raw and packing material			
- in hand		820,845,443	1,245,004,936
- in transit		30,256,902	14,515,083
		<u>851,102,345</u>	<u>1,259,520,019</u>
Work-in-process		80,906,283	84,444,173
Finished goods		380,350,533	803,278,904
		<u>1,312,359,160</u>	<u>2,147,243,096</u>
Less: Provision for obsolete raw material	13.1	(16,476)	-
Less: Provision for obsolete finished goods	13.2	-	(15,837,215)
	13.3	<u>1,312,342,684</u>	<u>2,131,405,881</u>

13.1 Movement in provision for obsolete raw materials

Balance at the start of the period / year	-	-
Provision for the period / year	60,243,343	-
Written off during the period / year	(60,226,867)	-
Balance at the end of the period / year	<u>16,476</u>	<u>-</u>

13.2 Movement in provision for obsolete finished goods

Balance at the start of the period / year	15,837,215	43,077,665
Provision for the period / year	26,777,961	4,991,031
Written off during the period / year	(42,615,176)	(32,231,481)
Balance at the end of the period / year	<u>-</u>	<u>15,837,215</u>

13.3 The amount charged to statement of profit or loss on account of write down of finished goods to net realizable value amounts to Rs. 3.02 million (December 31, 2023: Rs.1.57 million).

		(Un-audited) September 30	(Audited) December 31
14	TAX REFUNDS DUE FROM GOVERNMENT	2024	2023
	Note	(Rupees)	(Rupees)
	Sales tax refundable - net	717,457,107	1,499,378,986
	Income tax refundable - net	579,070,567	864,079,469
		<u>1,296,527,674</u>	<u>2,363,458,455</u>
14.1	These include provision for sales tax on tea whitner amounting to Rs. 693 million (December 31, 2023: Rs. 438.49 million).		
14.2	The Company has written off sales tax refundable of Rs. 59.09 million during the period ended June 30, 2024 (December 31, 2023: Nil).		
14.3	These include provision for current tax amounting to Rs. 444.42 million (December 31, 2023: Rs. 264.64 million).		
14.4	The Company has written off income tax refunds pertaining to prior tax years amounting to Rs. 109.07 million during the period ended September 30, 2024 (December 31, 2023: Nil).		

		(Un-audited) September 30	(Audited) December 31
15	CASH AND CASH EQUIVALENTS	2024	2023
	Note	(Rupees)	(Rupees)
	Cash and bank balances		
	Cash-in-hand	118,090	378,240
	Cash at banks:		
	- Current accounts	296,082,520	27,892,522
	- Saving accounts	686,555,800	272,569,266
	Total cash and bank balances	982,756,410	300,840,028
	Short term investments		
	Term Deposit Receipt (TDRs)		
	Term Deposit Receipt	2,700,000,000	1,000,000,000
		<u>3,682,756,410</u>	<u>1,300,840,028</u>

- 15.1 These saving accounts earned interest at 20.50% (December 31, 2023: 14.5% to 20.5%) per annum during the period.
- 15.2 These include bank deposits amounting to Rs. 791 million (December 31, 2023: Rs. 272 million) with Askari Bank Limited, an associated undertaking.
- 15.3 These carry mark-up at the rates ranging from 22.5% to 16.2% (December 31, 2023: 17% to 22.5%) per annum and have one year maturity with premature encashment option without any surcharge.

		(Un-audited) September 30	(Audited) December 31
	Note	2024	2023
		(Rupees)	(Rupees)
16	ASSET HELD-FOR-SALE	-	262,655,057
	16.1		

- 16.1 On December 18, 2023, pursuant to the approval of the Board of Directors of the Company, the Company classified a filling machine as 'asset held for sale', as these assets were available for

immediate sale in their present condition and their sale was highly probable upon completion of necessary documentation. During the current period, in January 2024, the said asset was sold.

17 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	(Un-audited) Nine-month ended September 30		(Un-audited) Three-month ended September 30	
	2024	2023	2024	2023
----- Rupees -----				
Gross revenue	20,627,753,381	16,205,076,945	7,949,461,369	5,503,252,517
Less: Sales tax	1,375,396,735	475,364,546	1,006,490,242	291,196,798
Discounts, incentives and allowances	1,403,753,445	854,724,936	507,846,829	295,345,631
	<u>2,779,150,180</u>	<u>1,330,089,482</u>	<u>1,514,337,071</u>	<u>586,542,429</u>
	<u>17,848,603,201</u>	<u>14,874,987,463</u>	<u>6,435,124,298</u>	<u>4,916,710,088</u>

17.1 Revenue from contracts with customers relates to local Pakistan market and represents sale of dairy, cereals, porridge, desserts and allied products. Timing of revenue recognition is at point in time.

17.2 The Company mostly receives consideration from its customers in advance. In other cases, credit term of 30 to 90 days is allowed.

17.3 The Collector of Customs changed the classification of tea whitener through an order dated December 10, 2021 and determined that sales tax is leviable on tea whiteners at standard rate. Being aggrieved, the Company challenged the order of Collector of Customs before Honourable Lahore High Court which set aside the order dated December 10, 2021 and instructed the Collector of Customs to determine the classification of tea whitener.

Collector of Customs issued an order, via public notice dated April 4, 2023, classifying Tea Whiteners as 'Milky drink', thus subject to sales tax at the rate of 18%. Resultantly, the Company, being prudent, has recognized provision for sales tax on tea whitener at applicable rate.

18	COST OF REVENUE	(Un-audited) Nine-month ended September 30		(Un-audited) Three-month ended September 30	
		2024	2023	2024	2023
		-----Rupees-----			
	Raw materials consumed	9,560,942,270	9,630,402,755	3,459,023,430	2,818,986,966
	Salaries, wages and other benefits	360,672,796	238,436,199	138,391,676	85,112,150
	Power and fuel	490,722,081	426,779,878	190,973,876	182,285,660
	Packing materials consumed	2,393,826,990	1,863,567,333	893,168,519	643,062,282
	Freight and forwarding	396,553,049	284,022,776	168,643,305	93,974,556
	Stores and spares consumed	117,419,467	109,735,396	44,787,526	47,712,114
	Repair and maintenance	341,478,608	235,580,334	132,018,127	93,705,458
	Rent, rates and taxes	262,389	1,192,594	83,126	6,970
	Depreciation	391,794,008	352,000,595	128,965,309	129,310,179
	Legal and professional charges	3,505,576	3,800,552	865,166	936,356
	Insurance	7,097,063	5,038,420	2,623,915	2,218,425
	Other expenses	53,371,773	35,564,551	36,468,546	13,987,281
	Manufacturing cost	14,117,646,071	13,186,121,383	5,196,012,520	4,111,298,397
	Adjustment of work-in-process				
	Opening stock	84,444,173	157,048,335	75,288,531	138,740,897
	Stock transferred from Fauji Cereals	3,931,653	-	-	-
	Closing stock	(80,906,283)	(105,003,494)	(80,906,283)	(105,003,494)
		7,469,543	52,044,841	(5,617,752)	33,737,403
	Cost of goods manufactured	14,125,115,613	13,238,166,224	5,190,394,767	4,145,035,800
	Adjustment of finished goods				
	Opening stock	787,441,689	543,764,411	658,696,005	1,029,758,772
	Stock transferred from Fauji Cereals	77,135,000	-	-	-
	Closing stock	(380,350,533)	(845,167,376)	(380,350,533)	(845,167,376)
		484,226,156	(301,402,965)	278,345,473	184,591,396
		14,609,341,769	12,936,763,259	5,468,740,239	4,329,627,196

19 INCOME TAX EXPENSE

Current income tax expense	349,586,206	190,190,412	120,895,877	63,251,225
Prior year taxation	94,836,841	-	-	-
	444,423,047	190,190,412	120,895,877	63,251,225

19.1 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.

20	EARNINGS / (LOSS) PER SHARE	Un-audited Nine-month ended September 30		Un-audited Three-month ended September 30	
		2024	2023	2024	2023
		2024	2023	2024	2023
	Profit / (loss) for the period - (Rupees)	598,826,519	(108,750,965)	233,709,026	38,560,864
	Weighted-average number of ordinary shares outstanding during the period	2,519,963,139	2,510,766,193	2,519,963,139	2,519,963,139
	Basic and diluted - (Rupees)	0.24	(0.04)	0.09	0.02

21 CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances and short-term investments.

RELATED PARTY TRANSACTIONS

Related parties comprise of Parent Company, subsidiaries and associates of Ultimate Parent Company, directors, entities with common directorship, post employment plans and key management personnel. Relevant balances are disclosed elsewhere in these interim financial statements. The Company in the normal course of business carries out transactions with related parties on mutually agreed terms and conditions. Significant transactions with related parties are as follows:

Name of related party	Relationship	Nature of transactions	(Un-audited) September 30 2024 Rupees	(Un-audited) September 30 2023 Rupees
Fauji Fertilizer Bin Qasim Limited	Parent Company (Shareholding and common directorship)	Finance cost charged	-	2,712,329
		Professional fee charged by related party	22,000	112,000
		Expense of IT facilities charged by related party	4,500,000	8,501,200
		Expense charged to related party for special audit	4,916,380	47,334
Fauji Fertilizer Company Limited	Associated Undertaking	Purchase of Fertilizer	93,564,132	-
Fauji Foundation	Ultimate Parent Company (Shareholding and common directorship)	Management shared services charged by related party	3,914,917	4,721,962
		Director training fee charged by related party	403,125	-
		Advance leadership program expense charge by related party	5,880,000	-
		Consultancy expense for acquisition transactions charge by related party	7,369,941	-
		Consultancy expense charge by related party	-	6,094,250
		Miscellaneous expense charged to related party by Company	90,816	308,550
		Finance cost charged	-	4,000,000
		Lease liability expense against right-of-use of asset	26,496,000	-
Fauji Fresh n Freeze	Associated Undertaking (Common directorship)	Sale of cheese to related party	10,416,000	-
Foundation Gas	Associated Undertaking (Common directorship)	Purchase of LPG	10,014,338	-
Fauji Infraavest Foods Limited	Wholly owned Subsidiary (100% Ownership)	Raw materials transferred to related party	2,670,501	-
		Lease payment to related party	19,200,000	-
		Interest income charged to related party	1,383,436	-
		Miscellaneous payment disbursement charged to related party	3,341,930	-
FFBL Power Company Limited	Associated Undertaking	Shares issuance	-	4,000,000,000
FFC Energy Limited	Associated Undertaking (Shareholding and common directorship)	Shares issuance	-	4,650,000,000
Foundation Solar Energy (Private) Limited	Associated Undertaking (Common directorship)	Fair valuation of intangibles consultancy fee charged to related party	2,676,100	-
Askari Bank Limited	Associated Undertaking (Common directorship)	Purchase of solar panel	-	125,095,545
Employee's Provident Fund Trust	Post employee benefit plan	Finance cost charged by related party	3,659,240	23,528,808
Employee's Gratuity Fund Trust	Post employee benefit plan	Interest income on saving accounts	102,828,759	60,033,235
Directors	Directors	Interest income on TDR	237,602,689	93,331,782
Key Management Personnel	Key Management Personnel	Contribution for the period	62,084,439	50,932,590
		Contribution for the period	18,487,242	7,924,431
		Meeting fee	6,785,000	7,560,000
		Remuneration and benefits	177,029,434	164,458,227

23 OPERATING SEGMENTS

- 23.1** These financial statements have been prepared on the basis of a single reportable segment.
- 23.2** Revenue from sale of dairy and allied products represents 94% (December 31, 2023: 100%) of the net sales of the Company.
- 23.3** 100% (December 31, 2023: 100%) sales of the Company relate to customers in Pakistan.
- 23.4** All non-current assets of the Company as at September 30, 2024 and December 31, 2023 are located in Pakistan.

24 FINANCIAL RISK MANAGEMENT

- 24.1** 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 December 31, 2023.

25 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

- 25.1** 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 December 31, 2023.

26 DATE OF AUTHORIZATION

These condensed interim financial statements has been approved by the Board of Directors of the Company and authorized for issue on October 22, 2024.

27 CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified, wherever necessary, for the purposes of better presentation. However no significant reclassifications have been made during the period except for the reclassification of provision for sales tax on tea whitener (note 17.3) from "Revenue from contracts with customers - net" to "Other operating expenses" amounting to Rs. 120,541,230 for the nine-month period ended September 30, 2023.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT September 30, 2024

	Note	(Un-Audited) September 30 2024 Rupees	(Audited) December 31 2023 Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 2,800,000,000 (December 31, 2023: 2,800,000,000) ordinary shares of Rs 10 each		28,000,000,000	28,000,000,000
Issued, subscribed and paid up share capital	6	25,199,631,390	25,199,631,390
Capital Reserves			
Share deposit money	7	-	2,350,000,001
Share premium		1,801,082,303	1,801,082,303
Acquisition reserve	1.1	(2,850,316,594)	-
Surplus on revaluation of property, plant and equipment - net of tax		2,275,394,219	2,446,561,207
Revenue Reserve			
Accumulated loss		(17,010,449,566)	(17,741,847,841)
		9,415,341,752	14,055,427,060
Non-current liabilities			
Lease liabilities		239,616,326	-
Deferred tax liability		24,588,000	-
Employee retirement benefits		56,071,330	50,354,814
		320,275,656	50,354,814
Current liabilities			
Current portion of lease liabilities		44,831,168	52,635,293
Trade and other payables	8	2,619,726,382	2,013,980,303
Loans payable to Ultimate Parent Company	9	5,860,000,001	-
Unclaimed dividend		965,752	965,752
Accrued finance cost		-	36,945,209
		8,525,523,303	2,104,526,557
Contingencies and commitments			
	10	18,261,140,711	16,210,308,431

The annexed notes from 1 to 26 form an integral part of these consolidated condensed interim financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT September 30, 2024

	Note	(Un-Audited) September 30 2024 Rupees	(Audited) December 31 2023 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	11	9,408,858,501	9,028,156,064
Intangible assets		15,065,348	9,884,767
Deferred taxation		-	-
Security deposits		22,800,000	10,318,982
		9,446,723,849	9,048,359,813
Current assets			
Stores, spares and loose tools		269,801,642	265,476,703
Stock-in-trade	12	1,313,060,684	2,131,405,881
Trade receivables from contract with customers		1,603,819,092	497,680,233
Loans and advances		95,935,885	29,256,194
Deposits, prepayments and other receivables		481,129,667	248,960,989
Accrued interest		194,312,808	62,215,078
Tax refunds due from Government	13	1,172,572,674	2,363,458,455
Cash and cash equivalents	14		
- Cash and bank balances		983,784,410	300,840,028
- Short term investments		2,700,000,000	1,000,000,000
		8,814,416,862	6,899,293,561
Asset held for sale	15	-	262,655,057
		<u>18,261,140,711</u>	<u>16,210,308,431</u>

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

For The Nine-Month And Three-Month Period Ended September 30, 2024

	Note	Nine-month ended September 30		Three-month ended September 30	
		2024 (Rupees)	2023 (Rupees)	2024 (Rupees)	2023 (Rupees)
Revenue from contracts with customers - net	16	17,848,603,201	14,874,987,463	6,435,124,298	4,916,710,088
Cost of revenue	17	(14,637,117,062)	(12,936,763,259)	(5,480,090,960)	(4,329,627,196)
Gross profit		<u>3,211,486,139</u>	<u>1,938,224,204</u>	<u>955,033,337</u>	<u>587,082,892</u>
Marketing and distribution expenses		(1,277,364,842)	(1,027,532,892)	(456,784,398)	(331,570,997)
Administrative expenses		(682,989,604)	(531,843,845)	(262,016,339)	(187,678,361)
Profit from operations		<u>1,251,131,692</u>	<u>378,847,467</u>	<u>236,232,600</u>	<u>67,833,534</u>
Other income		366,210,876	189,299,517	174,739,074	62,612,891
Other operating expenses		(578,165,875)	(145,306,846)	(57,234,296)	(22,603,374)
Finance costs		(40,575,359)	(341,400,691)	(15,874,386)	(6,030,962)
Profit / (loss) before levy & income tax		<u>998,601,334</u>	<u>81,439,447</u>	<u>337,862,991</u>	<u>101,812,089</u>
Levy		-	-	-	-
Profit / (loss) before income tax		<u>98,601,334</u>	<u>81,439,447</u>	<u>337,862,991</u>	<u>101,812,089</u>
Income tax expenses	18	(438,370,047)	(190,190,412)	(114,842,877)	(63,251,225)
Profit / (loss) after taxation for the period		<u>560,231,287</u>	<u>(108,750,965)</u>	<u>223,020,114</u>	<u>38,560,864</u>
Earnings / (loss) per share - basic and diluted	19	<u>0.22</u>	<u>(0.04)</u>	<u>0.09</u>	<u>0.02</u>

The annexed notes from 1 to 26 form an integral part of these consolidated condensed interim financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)**
For The Nine-Month And Three-Month Period Ended September 30, 2024

	Nine-month ended September 30		Three-month ended September 30	
	2024	2023	2024	2023
	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Profit / (loss) for the period	560,231,287	(108,750,965)	223,020,114	38,560,864
Other comprehensive income for the period				
Items that may be reclassified to profit or loss in subsequent periods (net of tax)	-	-	-	-
Items that will not be reclassified to profit or loss in subsequent periods (net of tax)	-	-	-	-
Total comprehensive income / (loss) for the period	<u>560,231,287</u>	<u>(108,750,965)</u>	<u>223,020,114</u>	<u>38,560,864</u>

The annexed notes from 1 to 26 form an integral part of these consolidated condensed interim financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

For The Nine-Month Period Ended September 30, 2024

Share capital	Capital Reserve				Revenue reserves	Total
	Share premium	Share deposit money	Surplus on revaluation of property, plant and equipment - net of tax	Acquisition reserve	Accumulated loss	
Rupees						

Balance as at January 1, 2023 (audited) 15,840,881,590 1,835,148,153 2,708,749,801 2,131,898,795 - (18,469,229,527) 4,047,448,812

Loss after taxation for the period	-	-	-	-	(108,750,965)	(108,750,965)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(108,750,965)	(108,750,965)

Transactions with owners in their capacity as owners

Issue of share capital	9,358,749,800	-	(708,749,800)	-	-	8,650,000,000
Share issuance cost	-	(34,065,850)	-	-	-	(34,065,850)
Share deposit money received	-	-	350,000,000	-	-	350,000,000
	9,358,749,800	(34,065,850)	(358,749,800)	-	-	8,965,934,150

Revaluation surplus realized through disposal of operating fixed assets	-	-	(22,479,082)	-	22,479,082	-
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Incremental depreciation relating to surplus on revaluation - net of tax	-	-	(67,401,373)	-	67,401,373	-
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Balance as at September 30, 2023 (un-audited) 25,199,631,390 1,801,082,303 2,350,000,001 2,042,081,340 - (18,488,100,037) 12,904,631,997

Balance as at January 1, 2024 (audited) 25,199,631,390 1,801,082,303 2,350,000,001 2,446,561,207 - (17,741,847,841) 14,055,427,060

Profit after taxation for the period	-	-	-	-	560,231,287	560,231,287
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	560,231,287	560,231,287

Transactions with owners in their capacity as owners

Acquisition reserve (note 1.1)	-	-	-	(2,850,316,594)	-	(2,850,316,594)
Reclassification of share deposit money into loan (note 7)	-	-	(2,350,000,001)	-	-	(2,350,000,001)
	-	-	(2,350,000,001)	(2,850,316,594)	-	(5,200,316,595)

Revaluation surplus realized through disposal of operating fixed assets	-	-	(86,621,177)	-	86,621,177	-
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Incremental depreciation relating to surplus on revaluation - net of tax	-	-	(84,545,811)	-	84,545,811	-
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Balance as at September 30, 2024 (un-audited) 25,199,631,390 1,801,082,303 - 2,275,394,219 (2,850,316,594) (17,010,449,566) 9,415,341,752

The annexed notes from 1 to 26 form an integral part of these consolidated condensed interim financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For The Nine-Month Period Ended September 30, 2024

	Nine-month ended 30 September	
	2024 (Rupees)	2023 (Rupees)
Cash flow from operating activities		
Profit / (loss) before taxation	998,601,334	81,439,447
<i>Adjustments to reconcile profit / (loss) before tax to net cash flows:</i>		
Depreciation on property, plant and equipment	492,924,354	410,584,169
Amortization of intangible assets	1,494,549	938,827
Sales tax refundable written off	59,090,092	-
Provision for sales tax on tea whitener	254,622,021	-
Provision for obsolete stock in trade	16,476	-
Write-off of stores, spares and loose tools	13,915,510	-
Write-off of stock in trade	102,842,043	18,916,936
Advances written-off	15,948,501	-
Income tax refundable written off	14,229,824	-
Allowance for expected credit losses on trade receivables	23,543,269	-
Provision for Worker's Profit Participation Fund	56,143,235	-
Provision for Worker's Welfare Fund	23,368,947	-
Gain on disposal of property, plant and equipment	(2,305,875)	(4,852,551)
Profit on bank saving accounts and Term Deposit Receipts (TDRs)	(341,817,693)	(176,965,307)
Provision for employee retirement benefits	28,416,105	19,828,170
Finance cost	40,575,359	341,400,691
Operating profit before working capital changes	1,781,608,049	691,290,382
Working capital adjustments:		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(14,407,033)	(97,927,363)
Stock-in-trade	1,021,862,602	(748,553,934)
Trade debts	(1,005,229,777)	(299,814,908)
Loans and advances	(80,137,481)	(18,787,128)
Deposits, prepayments and other receivables	(97,720,807)	(83,030,476)
Asset held for sale	262,655,057	-
Sales tax refundable	467,331,766	(255,247,275)
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	357,045,652	378,375,973
	911,399,979	(1,124,985,111)
Cash generated from / (used in) operations	2,693,008,028	(433,694,729)
Income tax paid	(173,741,969)	2,087,756
Employee retirement benefits paid	(22,699,589)	(10,600,643)
Net cash generated from / (used in) operating activities	2,496,566,470	(442,207,616)
Cash flow from investing activities		
Acquisition of operating fixed assets	(201,258,800)	(651,326,341)
Sale proceeds from disposal of property, plant and equipment	5,634,295	81,137,191
Profit on saving accounts received	209,719,963	179,688,990
Net cash generated from / (used in) investing activities	14,095,458	(390,500,160)
Cash flow from financing activities		
Investment received from Fauji Foundation	-	350,000,000
Finance cost paid	(77,520,568)	(686,941,702)
Proceeds received against issuance of shares	-	8,650,000,000
Repayment of long term loans	-	(5,988,149,277)
Repayment of principal portion of lease liabilities	(56,151,977)	(54,441,642)
Share issuance cost	-	(34,065,849)
Net cash (used in) / generated from financing activities	(133,672,545)	2,236,401,530
Net increase in cash and cash equivalents	2,376,989,382	1,403,693,754
Cash and cash equivalents - at beginning of the period	1,300,840,028	(560,058,702)
Cash and cash equivalents transferred from Fauji Cereals	5,351,000	-
Cash and cash equivalents transferred from Fauji Infraavest Foods Limited	604,000	-
Cash and cash equivalents - at end of the period	3,683,784,410	843,635,052
<i>Cash and cash equivalents comprise of the following:</i>		
- Cash and bank balances	983,784,410	843,635,052
- Short term investments	2,700,000,000	-
	3,683,784,410	843,635,052

The annexed notes from 1 to 26 form an integral part of these consolidated condensed interim financial statements.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

For The Nine-Month And Three-Month Period Ended September 30, 2024

1 THE GROUP AND ITS OPERATIONS

Holding company:

Fauji Foods Limited

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

BUSINESS UNIT	LOCATION
Production Plant	Bhalwal, District Sargodha
Registered Office and Head Office	42 CCA, Ex Park View, DHA Phase-VIII, Lahore

1.1 ACQUISITION OF FAUJI CEREALS PROJECT INTO THE COMPANY

With effect from February 19, 2024, the entire business of Fauji Cereals stands merged into the Company. Fauji cereals is engaged in the manufacturing and sales of cereals. The project started its operations in collaboration with Quaker Oats, England in 1954. The Project's main office is located at Dhamial Road, Rawalpindi and has its regional marketing offices in Lahore and Karachi.

The acquisition of Fauji Cereals Business has been identified as a 'Common Control Transaction' in light of the guidance provided in the financial reporting standard 'Accounting for Common Control Transactions' as developed by the Institute of Chartered Accountants of Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 53(I)/2022 dated January 12, 2022. In accordance with the said standard, the Company has applied the 'Predecessor Method' of accounting and measured all the assets acquired and the liabilities assumed at their carrying amounts as reflected in the statement of financial position of Fauji Cereals Business as at February 18, 2024.

Following are the details of the assets acquired, liabilities assumed and the consideration transferred:

Assets acquired:	Note	- In Rupees -
Property, plant and equipment		26,364,000
Stores, spares and loose tools		3,833,000
Stock-in-trade		306,376,000
Trade debts		124,452,000
Loans and advances		2,490,000
Deposits, prepayments and other receivables		146,846,406
Cash and bank balances		5,351,000
		615,712,406
Liabilities assumed:		
Trade and other payables		(107,345,000)
Contract liabilities		(58,684,000)
		(166,029,000)
Net assets acquired		449,683,406
Consideration	1.1.1	3,300,000,000
Recognized in equity as acquisition reserve		(2,850,316,594)

- 1.1.1** The consideration is payable on demand, with an all-time option to convert it into shares in a manner other than right at a price per share, which will be equal to the lower of par value or the average price per share on the stock exchange during the six months preceding the date on which the Fauji Foundation exercises its option to acquire shares. It has an interest-free grace period of two years, with an extension of time as mutually agreed upon by the parties. After two years, a markup of six months KIBOR plus spread of 50 basis points will be charged.

1.2 ACQUISITION OF FAUJI INFRAVEST FOODS LIMITED - ("the Subsidiary Company")

With effect from February 20, 2024, Fauji Infravest Foods Limited was acquired by the Group. The registered office of FIFL is situated at Fauji towers, 68 Tipu road, Chaklala, Rawalpindi. The principal activity of FIFL is to manufacture macronies, couscous and similar farinaceous products.

At the time of acquisition, the Company has assessed that FIFL does not meet the definition of a business as per IFRS 3 and has accordingly accounted for it under asset acquisition method in the Company's financial statements. Upon the acquisition of net assets, the Company has identified and recognized the assets acquired and liabilities assumed at their fair values as of the acquisition date. Any difference between the net assets acquired and the fair value of the consideration has been allocated to non-financial long lived assets, and no gain or loss has been recorded on the date of acquisition.

Following are the details of the assets acquired, liabilities assumed and the consideration transferred:

		At Acquisition date	
	Carrying values	Consideration allocated based on fair values	
Note		Rupees	
Assets acquired:			
	Property, plant and equipment	193,238,000	368,041,000
	Deposits, prepayments and other receivables	18,000	18,000
	Income tax refundable	356,000	356,000
	Cash and bank balances	604,000	604,000
		194,216,000	369,019,000
Liabilities assumed:			
	Trade and other payables	(3,157,000)	(3,157,000)
	Provision for dismantling	(422,000)	(422,000)
	Provision for taxation	(128,960,000)	(128,960,000)
	Deferred tax liabilities	(26,480,000)	(26,480,000)
		(159,019,000)	(159,019,000)
	Net assets acquired	35,197,000	210,000,000
	Consideration payable	1.2.1	210,000,000

1.2.1 The consideration is payable on demand, with an all-time option to convert it into shares in a manner other than right at a price per share, which will be equal to the lower of par value or the average price per share on the stock exchange during the six months preceding the date on which the Fauji Foundation exercises its option to acquire shares. It has an interest-free grace period of two years, with an extension of time as mutually agreed upon by the parties. After two years, a markup of six months KIBOR plus spread of 50 basis points will be charged.

2 BASIS OF PREPARATION

2.1 SEPARATE FINANCIAL STATEMENTS

These consolidated condensed interim financial statements are the separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investee. Consolidated condensed interim financial statements of the Company are prepared and presented separately.

Un-audited September 30	Audited December 31
2024	2023
(Direct holding percentage)	

The Company has the following subsidiary:

Subsidiary Companies

Fauji Infraavest Foods Limited	100%	-
--------------------------------	------	---

2.1.1 Fauji Infraavest Foods Limited ("FIFL") was incorporated in Pakistan as public limited company under the repealed Companies Ordinance 1984 (now Companies Act 2017) on July 2, 2014. The registered office of FIFL is situated at Fauji towers, 68 Tipu road, Chaklala, Rawalpindi. The principal activity of FIFL is to manufacture macronies, couscous and similar farinaceous products.

2.2 STATEMENT OF COMPLIANCE

These consolidated 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.

2.3 These unconsolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2019. These unconsolidated 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 financial statements of the Company for the year ended

December 31, 2023. Comparative unconsolidated condensed interim statement of financial position is extracted from annual audited financial statements as of December 31, 2023, whereas comparatives for unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows are extracted from condensed interim financial statements of the Company for the nine-month period ended September 30, 2023.

- 2.4** These consolidated condensed interim financial statements are prepared in Pak Rupees, which is the functional and presentation currency of the Company. Figures have been rounded off to the nearest Pak rupee unless otherwise stated.
- 2.5** Provisions in respect of Workers' Welfare Fund, Workers' Profit Participation Fund, employee retirement benefits and taxation are estimated based on management judgment and prevailing laws; these are subject to final adjustments in the annual audited financial statements.

3 BASIS OF MEASUREMENT

These consolidated condensed interim financial statements have been prepared under the historical cost convention except for the measurement of certain items of property, plant and equipment which are carried at revalued amounts, while recognition of lease liability and employee retirement benefits are carried at present value respectively.

4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of these consolidated condensed interim financial statements, in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these consolidated condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the audited financial statements of the Company for the year ended December 31, 2023 except for the estimation of income tax (see note 4.1).

4.1 TAXATION

Levy

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 'Application Guidance on Accounting for Minimum Taxes and Final Taxes' issued by the Institute of Chartered Accountants of Pakistan (ICAP), these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these consolidated financial statements, except for tax on normal business income which is specifically within the scope of IAS 12 and hence it continues to be categorised as current income tax.

Income tax

Income tax expense comprises current and deferred tax. Income tax is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income as the case may be.

5 MATERIAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2023 except for the adoption of

amendments to approved accounting and reporting standards as applicable in Pakistan which became effective for the current period as disclosed in note 5.1. Moreover, following new policies have been adopted as disclosed in note 5.2.

5.1 STANDARDS, AMENDMENTS TO PUBLISHED STANDARDS AND INTERPRETATIONS THAT ARE EFFECTIVE IN THE CURRENT PERIOD

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting period beginning on January 1, 2024, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these special purpose consolidated financial statements except for:

During the current period, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12, Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Group has changed its accounting policy to designate the amount calculated on taxable income using the notified tax rate as an income tax expense. Any excess over the amount designated as income tax, is then recognized as a 'Levy' under 'IAS 37, Provisions, Contingent Liabilities and Contingent Assets', which were previously being recognised as 'income tax'.

5.2 NEW POLICIES ADOPTED

5.2.1 Principles of consolidation

Subsidiary

A Subsidiary is an entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The subsidiary is fully consolidated from the date on which control is transferred to the Group.

Inter company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by the subsidiary has been adjusted to conform with the Group's accounting policies.

Acquisition of assets

The group of assets (including the liabilities assumed) acquired as a result of any arrangement that does not meet the definition of a business are recognized under the asset acquisition method.

Upon the acquisition of net assets, the Group identifies and recognizes the assets acquired and liabilities assumed at their fair values as of the acquisition date. Any difference between the net assets acquired and the fair value of the consideration is allocated to non monetary long lived assets, whereas the current assets and liabilities are measured at fair values on the acquisition date. Such a transaction or event does not give rise to goodwill.

5.2.2 ACCOUNTING OF COMMON CONTROL TRANSACTIONS - PREDECESSOR METHOD

The Company has adopted 'Predecessor Method' under 'Accounting for Common Control Transactions' (Accounting Standard) as developed by the Institute of Chartered Accountants of Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O. 53(1)/2022 dated January 12, 2022 as disclosed below:

RECOGNITION PRINCIPLE

As of the date of common control transaction, the Company recognises the assets transferred

and liabilities assumed of the transferred entity; or received from the transferring entity. The Company recognises as part of applying the predecessor method only the consideration transferred for the transferred entity and the assets acquired and liabilities assumed in the exchange for the transferred entity. Other transactions have been accounted for separately in accordance with the relevant International Financial Reporting Standards as notified under the Companies Act, 2017.

MEASUREMENT PRINCIPLE

The Company measures the assets and liabilities received from the transferred / transferring entity at their carrying amounts as reflected in the financial statements of the transferred / transferring entity, at the date of common control transaction. No fair-value adjustments to the assets and liabilities of the transferred / transferring entity; or recognition of new assets or liabilities for the transferred / transferring entity are recorded in the financial statements.

The Company recognises within its 'equity' the difference between consideration transferred, measured in accordance with this Accounting Standard and net of carrying amount of the assets and liabilities received from the transferred / transferring entity, measured in accordance with this Accounting Standard. There is no recognition of new goodwill while accounting for the common control transaction under the predecessor method.

5.3 STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED BY THE COMPANY

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 01, 2024 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

6 SHARE CAPITAL

6.1 Issued, subscribed and paid up share capital

	(Un-audited) September 30 2024	(Audited) December 31 2023	(Un-audited) September 30 2024	(Audited) December 31 2023
Ordinary share capital	----- Number of shares -----		----- Rupees -----	
Ordinary shares of Rs.10 each fully paid in cash	1,557,228,762	1,557,228,762	15,572,287,620	15,572,287,620
Ordinary shares of Rs 10 each issued as fully paid bonus shares	2,639,200	2,639,200	26,392,000	26,392,000
Ordinary shares of Rs 10 each issued on conversion of loans	882,020,197	882,020,197	8,820,201,970	8,820,201,970
Ordinary shares of Rs 10 each issued on conversion of accrued mark-up	70,874,980	70,874,980	708,749,800	708,749,800
Voting ordinary shares of Rs. 10 each issued on conversion of cumulative convertible preference shares	7,200,000	7,200,000	72,000,000	72,000,000
	<u>2,519,963,139</u>	<u>2,519,963,139</u>	<u>25,199,631,390</u>	<u>25,199,631,390</u>

6.2 Ordinary shares of the Company held by associated undertakings and directors at period / year end are as follows:

	(Un-audited) September 30 2024	(Audited) December 31 2023	(Un-audited) September 30 2024	(Audited) December 31 2023
Ordinary share capital	----- Percentage held -----		----- Number of shares -----	
<i>Fauji Fertilizer Bin Qasim Limited</i>				
- voting ordinary shares	47.84%	47.84%	1,205,576,237	1,205,576,237
<i>FFBL Power Company Limited</i>				
- voting ordinary shares	15.87%	15.87%	400,000,000	400,000,000
<i>FFC Energy Limited</i>				
- voting ordinary shares	18.45%	18.45%	465,000,000	465,000,000
Fauji Foundation				
- voting ordinary shares	2.67%	2.67%	67,371,916	67,371,916
<i>Directors, Officers, their spouse and minor children</i>				
- voting ordinary shares	0.01%	0.01%	349,421	349,421
			<u>2,138,297,574</u>	<u>2,138,297,574</u>

7 Share deposit money

Under the terms of the agreement dated August 29, 2022, the Company received an amount of Rs. 2,350 million in prior years from Fauji Foundation. The amount was convertible in ordinary shares at face value. The Company, in its Extraordinary General Meeting held on October 18, 2022, had approved further issue of shares against the said amount, by way of other than right issue. The requisite approval from SECP was obtained on January 23, 2023 for issuance of shares against the above mentioned amount. The approval was valid for a period of 60 days. Prior to lapse of the said approval, a request was received from Fauji Foundation to defer the share allotment. Based on the above request, pursuant to the Board of Directors' approval dated March 01, 2023, the Company has deferred the allotment / issuance of Ordinary Shares at par value to Fauji Foundation, till further communication. During the current period, the Company received a letter from Fauji Foundation dated April 18, 2024 wherein the Foundation withdrew its consent to exercise the option to acquire shares and required the amount to be treated as a loan as per the original loan agreement. Accordingly, the amount has been reclassified from share deposit money to loan with mutual consent of both the Companies. The Company is currently in the process of completing necessary legal and regulatory requirements.

		(Un-audited) September 30	(Audited) December 31	
8	TRADE AND OTHER PAYABLES	Note		
		2024	2023	
		(Rupees)	(Rupees)	
	Trade and other creditors	8.1	1,154,408,279	817,757,721
	Accrued expenses		1,091,209,613	739,996,729
	Contract liabilities		195,442,760	133,178,553
	Advance against disposal of machine		-	262,655,057
	Retention money payable		1,006,732	2,325,832
	Due to employees		1,549,809	1,357,389
	Withholding income tax payable		57,075,196	11,061,563
	Withholding sales tax payable		11,481,447	15,309,546
	Payable to Provident Fund		7,308,516	8,400,458
	Workers' Profit Participation Fund payable		68,871,914	15,109,286
	Workers' Welfare Fund payable		29,024,754	5,655,807
	Others		2,347,362	1,172,362
			<u>2,619,726,382</u>	<u>2,013,980,303</u>

		(Un-audited) September 30	(Audited) December 31
	Note	2024	2023
		(Rupees)	(Rupees)

8.1 These includes amounts due to following related parties:

Askari Bank Limited		446,944	-
Fauji Fertilizer Bin Qasim Limited		3,500,000	500,000
Fauji Foundation		32,020,760	11,648,867
		<u>35,967,704</u>	<u>12,148,867</u>

9 LOANS PAYABLE TO ULTIMATE PARENT COMPANY

On account of acquisition related to Fauji Cereals	1.1	3,300,000,000	-
On account of acquisition related to Fauji Infraavest Foods Limited	1.2	210,000,000	-
Share deposit money reclassified into loan	7	2,350,000,001	-
		<u>5,860,000,001</u>	<u>-</u>

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There has been no significant change in the status of the contingent liabilities disclosed as at December 31, 2023 except for the following:

Claims lodged by suppliers not acknowledged by the Company 2.71 million

- (i) The Company was served with notice under rule 44(4) of the Income Tax Rules 2002 dated March 2, 2021 issued by the DCIR, The Company filed reply on March 8, 2021. The DCIR served a show cause notice under section 161(1 A) of the Ordinance dated October 4, 2021 against which the Company filed reply. DCIR passed time barred order under section 161(1) of the Ordinance May 22, 2024 wherein total tax demand was raised amounting to Rs. 10.07 million. Being aggrieved, the Company filed an appeal before CIR(A) against the abovementioned order and the same is pending adjudication.
- (ii) The department passed an order dated March 14, 2022 and served the same after one year on March 14, 2023 creating a demand of Rs. 103 million on account of claim of inadmissible input sales tax in sales tax returns. Being aggrieved, the Company preferred an appeal before CIR(A). The CIR(A) remanded the case back to department for fresh proceedings. The Company filed an appeal before ATIR on July 27, 2023 on the subject that the appellate order should annul the assessment order instead of remanding back to the tax officer. ATIR has stayed the remand back proceedings vide stay order dated June 4, 2024, while the hearing of main appeal is still pending.
- (iii) These represent various claims lodged by the suppliers on account of raw materials provided and other selling and sales promotional expenses incurred on behalf of the Company. The Company has refused to record and pay off the claims as they believe that the grounds for such expenses are not valid as the Company had not pre-approved such expenses. The Company believes that any outflow in respect to these claims is not probable.
- (iv) In the previous year, the Company was selected for audit, regarding tax year 2017, under section 214C of Income Tax Ordinance, 2001 (Ordinance) and notice was issued under section 177 (1) of the Ordinance and compliance was made. However, dissatisfied with the response, the

Assistant/Deputy Commissioner (Audit-I) Inland Revenue Islamabad (ADCIR) issued a show cause notice under section 122 (9) of the Ordinance. Subsequently, the Company submitted partial reply on IRIS web portal along under section 122 (1) of the Ordinance, dated June 17, 2023 creating an income tax demand of Rs. 396 million. Consequently, the Company filed an appeal before Commissioner Inland Revenue (Appeals - IV), Islamabad on July 13, 2023, which is still pending adjudication.

- (v) In July 2019, the Company raised purchase order amounting to Rs. 1.09 million for procurement of customized packing materials to M/S Expert Advertising. Due to the closure of operations, the Company has not yet lifted the packing materials despite them being made available by the supplier. The supplier has requested the Company to pay the outstanding amount under the purchase order by taking delivery of the packing material. However the Company has disputed claim since it has not taken actual delivery of the packing material.

A favorable/unfavorable outcome is expected as per tax advisor confirmation.

The management and the taxation expert of the Company believe that there are meritorious grounds available to defend the above mentioned demands relating to the respective cases, consequently, no provision has been recorded in these consolidated condensed interim financial statements with respect to the above matters.

10.2 Commitments

The Company has the following commitments:

Commitments in respect of capital expenditure outstanding at the period end amounted to 323.8 million (December 31, 2023: Rs. 88.9 million).

Commitments in respect of the purchase of raw and packing material outstanding at the period end amounted to Rs. 46.2 million (December 31, 2023: Rs. 99.24 million).

Guarantees aggregating to Rs.194.7 million (December 31, 2023: Rs. 21.89 million) have been issued by banks of the Company to Sui Northern Gas Pipeline Ltd, Pakistan State Oil, Naval Accounts Karachi, Pakistan Oxygen Limited and Remount veterinary and corps farms.

		(Un-audited) September 30	(Audited) December 31
	Note	2024	2023
		(Rupees)	(Rupees)
11 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
- Owned assets		8,633,263,212	8,356,484,835
- Right-of-use assets		471,196,947	218,654,813
	11.1	9,104,460,159	8,575,139,648
Capital work-in-progress	11.2	304,398,342	453,016,416
		<u>9,408,858,501</u>	<u>9,028,156,064</u>

		(Un-audited) September 30	(Audited) December 31
11.1 Operating fixed assets	Note	2024 (Rupees)	2023 (Rupees)
Net book value (NBV) at beginning of the period / year		8,575,139,648	7,847,856,113
Additions during the period / year at cost			
- Assets transferred from Fauji Cereals		26,366,362	-
- Assets transferred from FIFL		368,041,000	-
- Owned assets		131,517,694	627,680,379
- Right-of-use assets		287,964,178	-
Disposals during the period / year at NBV			
- Owned assets		(3,328,420)	(76,573,457)
- Right-of-use assets		-	-
Revaluation during the year		-	1,033,527,325
Transfer to asset held-for-sale		-	(264,414,670)
Transferred from capital work in progress		211,684,051	-
Depreciation charged during the period / year			
- Owned assets		(457,502,310)	(555,614,927)
- Right-of-use assets		(35,422,044)	(37,321,115)
Net book value at end of the period / year		<u>9,104,460,159</u>	<u>8,575,139,648</u>

11.2 Capital work-in-progress

Plant and machinery		304,398,342	437,067,915
Advances against capital expenditure		-	15,948,501
	11.2.1	<u>304,398,342</u>	<u>453,016,416</u>

11.2.1 This includes Rs. 223.13 million (December 31, 2023: Rs. 245.40 million) relating to construction of waste water treatment plant which is in progress.

		(Un-audited) September 30	(Audited) December 31
12 STOCK IN TRADE	Note	2024 (Rupees)	2023 (Rupees)
Raw and packing material			
- in hand		820,845,443	1,245,004,936
- in transit		30,713,902	14,515,083
		<u>851,559,345</u>	<u>1,259,520,019</u>
Work-in-process		80,906,283	84,444,173
Finished goods		380,611,533	803,278,904
		<u>1,313,077,160</u>	<u>2,147,243,096</u>
Less: Provision for obsolete raw material	12.1	(16,476)	-
Less: Provision for obsolete finished goods	12.2	-	(15,837,215)
	12.3	<u>1,313,060,684</u>	<u>2,131,405,881</u>

	(Un-audited) September 30 2024 (Rupees)	(Audited) December 31 2023 (Rupees)
12.1 Movement in provision for obsolete raw materials		
Balance at the start of the period / year	-	-
Provision for the period / year	60,243,343	-
Written off during the period / year	(60,226,867)	-
Balance at the end of the period / year	16,476	-

12.2 Movement in provision for obsolete finished goods

Balance at the start of the period / year	15,837,215	43,077,665
Provision for the period / year	26,777,961	4,991,031
Written off during the period / year	(42,615,176)	(32,231,481)
Balance at the end of the period / year	-	15,837,215

12.3 The amount charged to statement of profit or loss on account of write down of finished goods to net realizable value amounts to Rs. 3.02 million (December 31, 2023: Rs.1.57 million).

		(Un-audited) September 30 2024 (Rupees)	(Audited) December 31 2023 (Rupees)
13 TAX REFUNDS DUE FROM GOVERNMENT	Note		
Sales tax refundable - net	13.1 & 13.2	718,091,107	1,499,378,986
Income tax refundable - net	13.3 & 13.4	454,481,567	864,079,469
		1,172,572,674	2,363,458,455

13.1 These include provision for sales tax on tea whitner amounting to Rs. 693 million (December 31, 2023: Rs. 438.49 million).

13.2 The Company has recorded provision against sales tax refundable of Rs. 59.09 million during the period ended September 30, 2024 (December 31, 2023: Nil).

13.3 These include provision for current tax amounting to Rs. 438.37 million (December 31, 2023: Rs. 264.64 million).

13.4 The Company has written off income tax refunds pertaining to prior tax years amounting to Rs. 109.07 million during the period ended September 30, 2024 (December 31, 2023: Nil).

		(Un-audited) September 30 2024 (Rupees)	(Audited) December 31 2023 (Rupees)
14 CASH AND CASH EQUIVALENTS	Note		
Cash and bank balances			
Cash-in-hand		119,090	378,240
Cash at banks:			
- Current accounts		296,204,520	27,892,522
- Saving accounts	14.1	678,460,800	272,569,266
Total cash and bank balances	14.2	983,784,410	300,840,028
Short term investments			
Term Deposit Receipt (TDRs)			
Term Deposit Receipt	14.3	2,700,000,000	1,000,000,000
		3,683,784,410	1,300,840,028

- 14.1** These saving accounts earned interest at 20.50% to 18% (December 31, 2023: 14.5% to 20.5%) per annum during the period.
- 14.2** These include bank deposits amounting to Rs. 791 million (December 31, 2023: Rs. 272 million) with Askari Bank Limited, an associated undertaking.
- 14.3** These carry mark-up at the rates ranging from 22.5% to 16.2% (December 31, 2023: 17% to 22.5%) per annum and have one year maturity with premature encashment option.

These include term deposits amounting to Rs. 2,600 million (December 31, 2023: Rs. 1,000 million) with Askari Bank Limited, an associated undertaking.

		(Un-audited) September 30	(Audited) December 31
15	ASSET HELD-FOR-SALE	2024	2023
	Note	(Rupees)	(Rupees)
	15.1	-	262,655,057

- 15.1** On December 18, 2023, pursuant to the approval of the Board of Directors of the Company, the Company classified a filling machine as 'asset held for sale', as these assets were available for immediate sale in their present condition and their sale was highly probable upon completion of necessary documentation. During the current period, in January 2024, the said asset was sold.

16 REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	(Un-audited) Nine-month ended September 30		(Un-audited) Three-month ended September 30	
	2024	2023	2024	2023
	----- Rupees -----			
Gross revenue	20,627,753,381	16,205,076,945	7,949,461,369	5,503,252,517
Less: Sales tax	1,375,396,735	475,364,546	1,006,490,242	291,196,798
Discounts, incentives and allowances	1,403,753,445	854,724,936	507,846,829	295,345,631
	2,779,150,180	1,330,089,482	1,514,337,071	586,542,429
	<u>17,848,603,201</u>	<u>14,874,987,463</u>	<u>6,435,124,298</u>	<u>4,916,710,088</u>

- 16.1** Revenue from contracts with customers relates to local Pakistan market and represents sale of dairy, cereals, porridge, desserts and allied products. Timing of revenue recognition is at point in time.
- 16.2** The Company mostly receives consideration from its customers in advance. In other cases, credit term of 30 to 90 days is allowed.
- 16.3** The Collector of Customs changed the classification of tea whitener through an order dated December 10, 2021 and determined that sales tax is leviable on tea whiteners at standard rate. Being aggrieved, the Company challenged the order of Collector of Customs before Honourable Lahore High Court which set aside the order dated December 10, 2021 and instructed the Collector of Customs to determine the classification of tea whitener.

Collector of Customs issued an order, via public notice dated April 4, 2023, classifying Tea Whiteners as 'Milky drink', thus subject to sales tax at the rate of 18%. Resultantly, the Company, being prudent, has recognized provision for sales tax on tea whitener at applicable rate.

17 COST OF REVENUE

	(Un-audited) Nine-month ended September 30		(Un-audited) Three-month ended September 30	
	2024	2023	2024	2023
	-----Rupees-----			
Raw materials consumed	9,562,713,950	9,630,402,755	3,459,820,030	2,818,986,966
Salaries, wages and other benefits	361,644,008	238,436,199	138,558,429	85,112,150
Power and fuel	493,886,394	426,779,878	192,128,686	182,285,660
Packing materials consumed	2,393,870,240	1,863,567,333	893,168,519	643,062,282
Freight and forwarding	396,553,049	284,022,776	168,643,305	93,974,556
Stores and spares consumed	117,419,467	109,735,396	44,787,526	47,712,114
Repair and maintenance	342,940,345	235,580,334	132,359,174	93,705,458
Rent, rates and taxes	262,389	1,192,594	83,126	6,970
Depreciation	411,769,240	352,000,595	137,468,951	129,310,179
Legal and professional charges	3,505,576	3,800,552	865,166	936,356
Insurance	7,284,064	5,038,420	2,810,916	2,218,425
Other expenses	53,833,891	35,564,551	36,930,664	13,987,281
Manufacturing cost	14,145,682,614	13,186,121,383	5,207,624,491	4,111,298,397
Adjustment of work-in-process				
Opening stock	84,444,173	157,048,335	75,288,531	138,740,897
Stock transferred from Fauji Cereals	3,931,653	-	-	-
Closing stock	(80,906,283)	(105,003,494)	(80,906,283)	(105,003,494)
	7,469,543	52,044,841	(5,617,752)	33,737,403
Cost of goods manufactured	14,153,152,156	13,238,166,224	5,202,006,738	4,145,035,800
Adjustment of finished goods				
Opening stock	787,441,689	543,764,411	658,696,005	1,029,758,772
Stock transferred from Fauji Cereals	77,135,000	-	-	-
Closing stock	(380,611,783)	(845,167,376)	(380,611,783)	(845,167,376)
	483,964,906	(301,402,965)	278,084,223	184,591,396
	14,637,117,062	12,936,763,259	5,480,090,960	4,329,627,196

18 INCOME TAX EXPENSE

Current income tax expense	345,425,206	190,190,412	116,734,877	63,251,225
Prior year taxation	94,836,841	-	-	-
Deferred Tax	(1,892,000)	-	(1,892,000)	-
	438,370,047	190,190,412	114,842,877	63,251,225

18.1 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.

	(Un-audited) Nine-month ended September 30		(Un-audited) Three-month ended September 30	
	2024	2023	2024	2023
Profit / (loss) for the period - (Rupees)	560,231,287	(108,750,965)	223,020,114	38,560,864
Weighted-average number of ordinary shares outstanding during the period	2,519,963,139	2,510,766,193	2,519,963,139	2,519,963,139
Basic and diluted - (Rupees)	0.22	(0.04)	0.09	0.02

20 CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances and short-term investments.

21 RELATED PARTY TRANSACTIONS

Related parties comprises of Parent Company, subsidiaries and associates of Ultimate Parent Company, directors, entities with common directorship, post employment plans and key management personnel. Relevant balances are disclosed elsewhere in these interim financial statements. The Company in the normal course of business carries out transactions with related parties on mutually agreed terms and conditions. Significant transactions with related parties are as follows:

Name of related party	Relationship	Nature of transactions	(Un-audited) September 30 2024 Rupees	(Un-audited) September 30 2023 Rupees
Fauji Fertilizer Bin Qasim Limited	Parent Company (Shareholding and common directorship)	Finance cost charged Professional fee charged by related party Expense of IT facilities charged by related party Expense charged to related party for special audit	- 22,000 4,500,000 4,916,380	2,712,329 112,000 8,501,200 47,334
Fauji Fertilizer Company Limited	Associated Undertaking	Purchase of Fertilizer	93,564,132	-
Fauji Foundation	Ultimate Parent Company (Shareholding and common directorship)	Management shared services charged by related party Director training fee charged by related party Advance leadership program expense charge by related party Consultancy expense for acquisition transactions charge by related party Consultancy expense charge by related party Miscellaneous expense charged to related party by Company Finance cost charged Lease liability expense against right-of-use of asset Insurance expense charged to FFL subsidiary of FFL	3,914,917 403,125 5,880,000 7,369,941 - 90,816 - 26,496,000 185,515	4,721,962 - - - 6,094,250 308,550 4,000,000 -
Fauji Fresh n Frieze	Associated Undertaking (Common directorship)	Sale of cheese to related party	10,416,000	-
Foundation Gas	Associated Undertaking (Common directorship)	Purchase of LPG	10,014,338	-
FFBL Power Company Limited	Associated Undertaking (Shareholding and common directorship)	Shares issuance	-	4,000,000,000
FFC Energy Limited	Associated Undertaking (Shareholding and common directorship)	Shares issuance Fair valuation of intangibles consultancy fee charged to related party	- 2,676,100	4,650,000,000 -
Foundation Solar Energy (Private) Limited	Associated Undertaking (Common directorship)	Purchase of solar panel	-	125,095,545
Askari Bank Limited	Associated Undertaking (Common directorship)	Finance cost charged by related party Interest income on saving accounts Interest income on TDR	3,659,240 102,825,759 237,602,689	23,528,808 60,033,235 93,331,762
Employee's Provident Fund Trust	Post employee benefit plan	Contribution for the period	62,084,439	50,932,590
Employee's Gratuity Fund Trust	Post employee benefit plan	Contribution for the period	18,487,242	7,924,431
Directors		Meeting fee	6,785,000	7,560,000
Key Management Personnel		Remuneration and benefits	177,029,434	164,438,227

22 OPERATING SEGMENTS

- 22.1** These financial statements have been prepared on the basis of a single reportable segment.
- 22.2** Revenue from sale of dairy and allied products represents 94% (December 31, 2023: 100%) of the net sales of the Company.
- 22.3** 100% (December 31, 2023: 100%) sales of the Company relate to customers in Pakistan.
- 22.4** All non-current assets of the Company as at September 30, 2024 and December 31, 2023 are located in Pakistan.

23 FINANCIAL RISK MANAGEMENT

- 23.1** 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 December 31, 2023.

24 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

- 24.1** 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 December 31, 2023.

25 DATE OF AUTHORIZATION

These condensed interim financial statements has been approved by the Board of Directors of the Company and authorized for issue on October 22, 2024.

26 CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified, wherever necessary, for the purposes of better presentation. However no significant reclassifications have been made during the period except for the reclassification of provision for sales tax on tea whitener (note 17.3) from "Revenue from contracts with customers - net" to "Other operating expenses" amounting to Rs. 120,541,230 for the nine-month period ended September 30, 2023.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

Fauji Foods Limited

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