



UNLEASHING PAKISTAN'S PROMISE IN EVERYTHING WE TOUCH

CONDENSED INTERIM FINANCIAL STATEMENTS

for the Half Year Ended **30 June, 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

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

Soneri Bank Limited

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 6 months period June 30th, 2024.

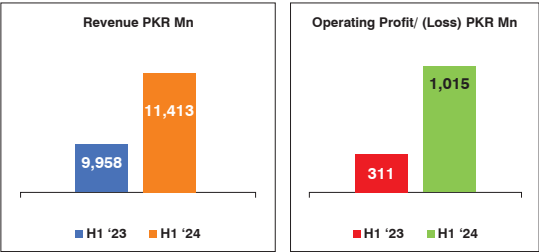
Food and dairy in Pakistan are amongst the largest consumer segments. FFL, with its growth trajectory, complete portfolio and strong capability is emerging as a significant player in Pakistan’s large and growing consumer market.

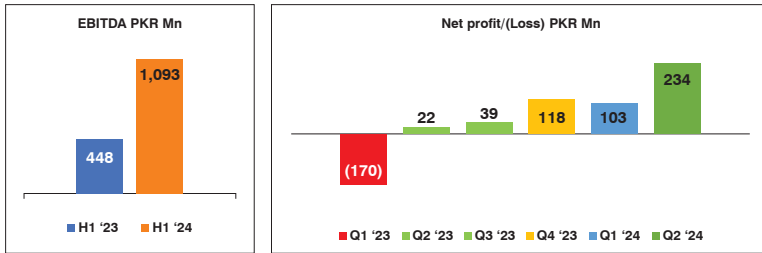
Uncertainty in local and global economic environment continues to pose challenges for all businesses. Recent arresting of the PKR devaluation provides hope going forward however international oil price spikes coupled with high interest rates, continuous increase in electricity costs and a high inflationary environment are a cause for 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 has decided to implement GST of 18% plus various other taxes on packaged milk. Implementation of these taxes will significantly increase the cost of milk to consumers of Pakistan. This is expected to result in an additional burden on the budget of normal households who are already teetering under the immense pressure of high inflation & 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 337 million as profit after tax (PAT)** in H1 2024 vs loss of Pkr (147) Mn **(+329%) SPLY**. Q2 2024 landed a PAT of Pkr 234 million vs Pkr 22 mn SPLY **(+950%)**, it was the 5th consecutive quarter reported in green by the company. Q2 2024 revenue hit PKR 5.84 bn (+22% over SPLY) whereas H1 2024 revenue hit Pkr 11.41 bn (+14.6% 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 **Q2 2024** from 14.4% SPLY to **20%**, a gross margin improvement of **5.6%** and for **H1 2024** from 13.6% to **19.8%**, an improvement in gross margin of **6.2%**. The improved margins were driven by improved internal efficiencies. Q2 2024 FFL reported operating profit of PKR 556 Mn vs PKR 184 million profit in SPLY, **an increase of 202%**, while for H1 2024 the **operating profit landed at Pkr 1,015 Mn** vs Pkr 311 mn, an increase of **226%**. With a solid turnaround strategy delivering results, the **EBITDA** which has been on a growth path stood at **PKR 1,093 Mn** at the end of **H1 2024** vs an EBITDA of Pkr 448 Mn SPLY, registering an increase of **144%**, while **EBITDA for Q2 2024** was **Pkr 584 Mn** vs an EBITDA of Pkr 196 Mn SPLY, registering an increase of **198%**.





*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 14.6% in Net Revenue** during H1 2024 over same period last year (SPLY). This was driven by continued revenue growth in UHT Milk (**50% vs SPLY**).

b) Reducing The COGS:

The topline growth was complemented by improvements in **Gross margins which grew by 6.2%**, from 13.6% SPLY to **19.8% in H1 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 consumer is expected to be challenging for the business. 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: July 22, 2024

ڈائریکٹرز کی شیز ہولڈرز کو رپورٹ

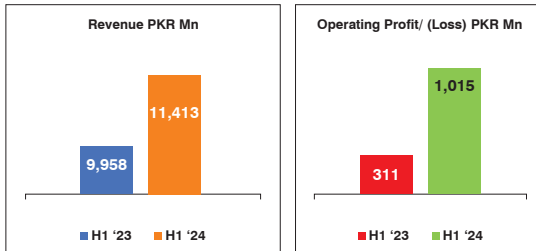
فوجی فوڈز لمیٹڈ (FFL) کے بورڈ آف ڈائریکٹرز 30 جون 2024ء کو ختم ہونے والی ششماہی کے لئے کمپنی کی غیر نظر ثانی شدہ عبوری مالی معلومات کے ہمراہ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی کا اظہار کرتے ہیں۔

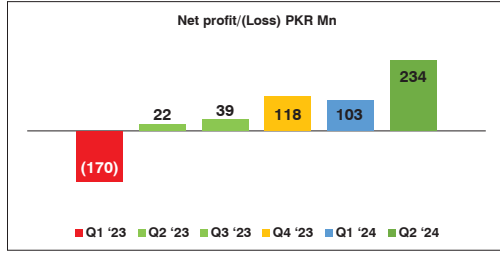
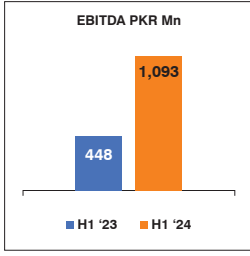
پاکستان میں خوراک اور ڈیری سب سے بڑے کمزور شعبوں میں سے ایک ہیں۔ FFL اپنی نمونہ راہ، مکمل پورٹ فولیو اور مضبوط صلاحیت کے ساتھ پاکستان کی بڑی اور نمو پاتی ہوئی کمزور مارکیٹ میں ایک اہم کھلاڑی کے طور پر ابھر رہا ہے۔

مقامی اور عالمی معاشی ماحول میں غیر یقینی صورتحال تمام کاروباری اداروں کے لئے چیلنجز کا باعث بنی ہوئی ہے۔ پاکستانی روپیہ کی قدر میں حالیہ اضافہ سے مستقبل میں اُمید پیدا ہوئی ہے تاہم بین الاقوامی سطح پر تیل کی قیمتوں میں اضافے کے ساتھ ساتھ بلند شرح سود، بجلی کی قیمتوں میں مسلسل اضافہ اور افراط زر کا بلند ماحول تشویش کا باعث ہے۔ نتیجتاً، 2024 میں پیداواری اخراجات میں اضافہ جاری رہا۔ پاکستان کی بڑھتی ہوئی آبادی کے لئے دودھ ایک اہم غذا ہونے کے باوجود، حکومت نے اپنے بجٹ 2024-25 میں چیکوڈ دودھ پر 18 فیصد جی ایس ٹی اور مختلف دیگر ٹیکس نافذ کرنے کا فیصلہ کیا ہے۔ ان ٹیکسوں کے نفاذ سے پاکستان کے صارفین کے لئے دودھ کی قیمت میں نمایاں اضافہ ہوگا۔ توقع ہے کہ اس کے نتیجے میں عام گھرانوں کے بجٹ پر اضافی بوجھ پڑے گا جو پہلے ہی افراط زر اور ٹیکسوں کے شدید بوجھ میں 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 ہوتی غذائی ضروریات میں کمی آئے گی۔

مسلسل معاشی چیلنجز اور غیر یقینی صورتحال کے باوجود، FFL نے اپنے آپریٹنگ کو بہتر بنانے کا اپنا سفر جاری رکھا اور (147) ملین روپے (329+ فیصد) نقصان کے مقابلے 2024ء کی پہلی ششماہی میں 337 ملین روپے بعد از ٹیکس منافع (PAT) درج کیا۔ گزشتہ سال کی اسی سہ ماہی میں 22 ملین روپے (950+ فیصد) کے مقابلے سال 2024 کی دوسری سہ ماہی میں 234 ملین روپے کا بعد از ٹیکس منافع PAT حاصل کیا، یہ کمپنی کی جانب سے مسلسل پانچویں سہ ماہی تھی۔ فوجی فوڈز لمیٹڈ کی ترقی کا سلسلہ جاری رہنے کی وجہ سے 2024ء کی دوسری سہ ماہی میں آمدنی 5.84 ملین روپے (گزشتہ سال کے مقابلے میں 22+ فیصد) تک پہنچ گئی جبکہ 2024 کی پہلی ششماہی کی آمدنی 11.41 ملین روپے (گزشتہ سال کی اسی مدت کے مقابلے میں 14.6+ فیصد) تک پہنچ گئی۔

تجارتی استحکام پی ایچ ایل کے بہتر ڈھانچے سے ظاہر ہوتا ہے کیونکہ 2024 کی دوسری سہ ماہی میں مجموعی مارجن 14.4 فیصد سے بڑھ کر 20 فیصد ہو گیا، مجموعی مارجن میں 5.6 فیصد کی بہتری ہوئی اور 2024 کی پہلی ششماہی میں 13.6 فیصد سے بڑھ کر 19.8 فیصد ہو گیا، مجموعی مارجن میں 6.2 فیصد کی بہتری ہوئی۔ بہتر مارجن بہتر داخلی کارکردگی کی وجہ سے ہوا۔ 2024 کی دوسری سہ ماہی میں FFL نے گزشتہ سال کی اسی مدت میں 184 ملین روپے کے مقابلے میں 556 ملین روپے کا آپریٹنگ منافع درج کیا جو 2022 فیصد اضافہ ہے جبکہ 2024 کی پہلی ششماہی میں 311 ملین روپے کے مقابلے میں 1,015 ملین روپے کا آپریٹنگ منافع درج کیا جو 2022 فیصد اضافہ ہے۔ تبدیلی کی حکمت عملی کے نتیجے میں EBITDA جو نمونہ راہ پر گامزن ہے 2024ء کی پہلی ششماہی کے اختتام پر گزشتہ سال کی اسی مدت کے 448 ملین روپے کے EBITDA کے مقابلے میں 144 فیصد اضافے کے ساتھ 1,093 ملین روپے پر پہنچ گیا جبکہ 2024 کی دوسری سہ ماہی کے لئے EBITDA گزشتہ سال اسی مدت کے 196 ملین روپے کے EBITDA کے مقابلے میں 584 ملین روپے پر رہا جو 198 فیصد اضافہ ظاہر کر رہا ہے۔





* 2023 کی چوتھی سہ ماہی کے نتائج میں 596 ملین روپے کی مؤخر ٹیکس آمدن شامل نہیں

مارجن کی نمو کی حکمت عملی کے ساتھ FFL کی استقامت اور لاگت کی کارکردگی پر توجہ کاروباری کارکردگی کو بہتر بنانے میں کلیدی رہی ہے اور کاروباری نتائج میں استحکام آیا ہے۔ ان اسٹریٹجک پلرز میں سے ہر ایک پر پیش رفت کے اثرات ذیل میں درج ہیں:

(a) مارجن کی شرح نمو:

FFL نے گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 2024 کی پہلی ششماہی کے دوران خالص آمدنی میں 14.6 فیصد کی نمو حاصل کی۔ یہ UTH دودھ میں (گزشتہ سال کے مقابلے میں 50 فیصد) مسلسل آمدنی میں اضافے کی وجہ سے ہوئی۔

(b) COGS کی کمی:

ٹاپ لائن گروتھ میں مجموعی مارجن بہتر ہونے کے باعث بہتری آئی جس میں 6.2 فیصد اضافہ ہوا، جو 2024 کی پہلی ششماہی میں 13.6 فیصد سے بڑھ کر 19.8 فیصد ہو گیا۔ سپلائی چین فنکشن میں اچھی کارکردگی کے ساتھ ساتھ لاگت بچانے پر توجہ دینے سے بہتر مارجن حاصل ہوا ہے۔ یہ زیادہ مارجن اناج کے کاروبار کے استحکام کے ساتھ مل کر مارجن میں اضافے کے اہم محرک ہیں۔ 1 میگا واٹ شیشی اور بانو ماس کے دو ہرے پائیدار منصوبے توانائی کی لاگت پر مثبت اثرات مرتب کر رہے ہیں۔

(c) صلاحیت:

FFL نے اعلیٰ ذہانت حاصل کرنے اور برقرار رکھنے میں سرمایہ کاری کی ہے۔ پرفارمنس مینجمنٹ سسٹم کو مضبوطی سے قائم رکھنے کے ساتھ، ایک پائیدار ذہانت ریڈھ کی ہڈی تشکیل پاری ہے۔ ثقافتی تبدیلی مشغولیت اسکورز میں ظاہر ہوتی ہے جس میں تین گنا اضافہ ہوا ہے۔

مستقبل کا نقطہ نظر:

مستقبل کو دیکھتے ہوئے، نمونو تیز کرنے کے لئے براؤنڈ اور ڈسٹری بیوشن انفراسٹرکچر میں سرمایہ کاری کو فروغ دینا چاہئے جبکہ زیادہ مارجن والے اناج کے کاروبار سے فوجی فوڈ ز کو صحت مند مارجن فراہم کرنے میں مدد ملنی چاہئے۔ وراثتی قرضوں کے بوجھ کو ہٹانے کے ساتھ، مارجن پر زیادہ توجہ کے ساتھ نئی مصنوعات متعارف کرواتے ہوئے FFL کی مالی کارکردگی کو مزید تیز سے بہتر بنانے میں مدد ملے گی۔ یکم شدہ دودھ پر 18 فیصد جی ایس ٹی کے حالیہ نفاذ کے ساتھ ساتھ صارفین کو سپلائی چین پر دیگر ٹیکسوں کا نفاذ کاروبار کے لئے مشکل ہونے کی توقع ہے یہیں یقین ہے کہ FFL اپنے ڈون "ہم جس چیز کو بھی چھوٹے ہیں اس میں پاکستان کے وعدے کو جاگر کرتے ہوئے" نہ صرف ایک کامیاب کاروبار کی تعمیر جاری رکھے گا بلکہ آئندہ وقتوں کے لئے وسیع تر قومی منظر نامے پر ایک نشان چھوڑے گا۔

بورڈ قابل قدر اسٹیک ہولڈرز اور شیئر ہولڈرز کا شکریہ ادا کرتا ہے جنہوں نے کمپنی پر اعتماد اور مسلسل تعاون کیا۔

محمد طاہر احمد
چیف ایگزیکٹو آفیسر

لطیفہ جزل الاولیٰ حیدر
Hi(M), (Retd)
چیرمین

تاریخ: 22 جولائی 2024

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FAUJI FOODS LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Fauji Foods Limited as at June 30, 2024 and the related 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, and notes to the unconsolidated condensed interim financial statements for the six month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the three month period ended June 30, 2024 and June 30, 2023 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended June 30, 2024.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

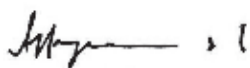
Conclusion

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

Other matter

The unconsolidated condensed interim financial statements of the Company for the six month period ended June 30, 2023 and unconsolidated financial statements for the year ended December 31, 2023 were reviewed and audited, respectively, by another firm of Chartered Accountants who had expressed an unqualified conclusion and opinion thereon vide their reports dated August 23, 2023 and February 19, 2024 respectively.

The engagement partner on the audit resulting in this independent auditor's report is Amer Raza Mir.



A. F. Ferguson & Co.

Chartered Accountants

Lahore

Dated: August 21, 2024

UDIN: RR202410118DxrvSI2Gh

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT June 30, 2024

	Note	(Un-audited) June 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	(2,719,994,212)	-
Surplus on revaluation of property, plant and equipment - net of tax		2,303,576,156	2,446,561,207
Revenue reserve			
Accumulated loss		(17,233,745,293)	(17,741,847,841)
		9,350,550,344	14,055,427,060
Non-current liabilities			
Lease liabilities		74,570,385	-
Employee retirement benefits		46,961,385	50,354,814
		121,531,770	50,354,814
Current liabilities			
Current portion of long term liabilities		28,214,570	52,635,293
Trade and other payables	8	2,285,459,328	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
		8,174,639,651	2,104,526,557
Contingencies and commitments	10		
		17,646,721,765	16,210,308,431

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 June 30, 2024

	Note	(Un-audited) June 30 2024 Rupees	(Audited) December 31 2023 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	11	8,958,104,829	9,028,156,064
Intangible assets		12,181,401	9,884,767
Investment in Subsidiary Company	12	210,000,000	-
Deferred taxation		-	-
Security deposits		22,800,000	10,318,982
		9,203,086,230	9,048,359,813
Current assets			
Stores, spares and loose tools		299,020,838	265,476,703
Stock-in-trade	13	1,495,664,182	2,131,405,881
Trade receivables from contract with customers		1,162,529,646	497,680,233
Loans and advances		81,648,144	29,256,194
Deposits, prepayments and other receivables		508,600,850	248,960,989
Accrued interest		82,708,459	62,215,078
Tax refunds due from Government	14	2,097,628,474	2,363,458,455
Cash and cash equivalents	15		
- Cash and bank balances		765,834,941	300,840,028
- Short term investments		1,950,000,000	1,000,000,000
		8,443,635,535	6,899,293,561
Asset held for sale	16	-	262,655,057
		<u>17,646,721,765</u>	<u>16,210,308,431</u>

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX-MONTH AND THREE-MONTH PERIOD ENDED JUNE 30, 2024

		Six-month ended June 30		Three-month ended June 30	
	Note	2024 (Rupees)	2023 (Rupees)	2024 (Rupees)	2023 (Rupees)
Revenue from contracts with customers - net	17	11,413,478,903	9,958,277,374	5,839,024,389	4,789,209,100
Cost of revenue	18	(9,140,601,530)	(8,607,136,063)	(4,656,277,377)	(4,098,740,110)
Gross profit		<u>2,272,877,374</u>	<u>1,351,141,312</u>	<u>1,182,747,011</u>	<u>690,468,990</u>
Marketing and distribution expenses		(820,580,442)	(695,961,895)	(390,106,385)	(349,239,894)
Administrative expenses		(420,831,854)	(344,165,484)	(224,818,212)	(157,427,445)
Profit from operations		<u>1,031,465,078</u>	<u>311,013,933</u>	<u>567,822,415</u>	<u>183,801,651</u>
Other income		192,550,894	126,686,626	100,573,589	56,866,382
Other operating expense		(520,662,548)	(122,703,472)	(181,082,239)	(122,235,679)
Finance costs		(14,708,756)	(335,369,729)	(11,122,218)	(35,591,493)
Profit / (loss) before taxation		<u>688,644,667</u>	<u>(20,372,642)</u>	<u>476,191,547</u>	<u>82,840,861</u>
Income tax expense	19	(323,527,170)	(126,939,187)	(223,240,920)	(60,569,676)
Profit / (loss) after taxation for the period		<u>365,117,497</u>	<u>(147,311,829)</u>	<u>252,950,627</u>	<u>22,271,185</u>
Earnings / (loss) per share - basic and diluted	20	<u>0.14</u>	<u>(0.07)</u>	<u>0.10</u>	<u>0.01</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 SIX-MONTH AND THREE-MONTH PERIOD ENDED JUNE 30, 2024**

	Six-month ended June 30		Three-month ended June 30	
	2024 (Rupees)	2023 (Rupees)	2024 (Rupees)	2023 (Rupees)
Profit / (loss) for the period	365,117,497	(147,311,829)	252,950,627	22,271,185
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>365,117,497</u>	<u>(147,311,829)</u>	<u>252,950,627</u>	<u>22,271,185</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 SIX-MONTH PERIOD ENDED JUNE 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	-	-	-	-	- (147,311,829)	(147,311,829)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	- (147,311,829)	(147,311,829)

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	-	-	-	(31,660,679)	-	31,660,679
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	(39,060,525)	-	39,060,525

Balance as at June 30, 2023 (un-audited) 25,199,631,390 1,801,082,303 2,350,000,001 2,061,177,591 - (18,545,820,152) 12,866,071,133

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	-	-	-	-	- 365,117,497	365,117,497
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	- 365,117,497	365,117,497

Transactions with owners in their capacity as owners

Acquisition reserve (note 1.1)	-	-	-	- (2,719,994,212)	-	(2,719,994,212)
Reclassification of share deposit money into loan (note 7)	-	-	(2,350,000,001)	-	-	(2,350,000,001)
	-	-	(2,350,000,001)	-	(2,719,994,212)	(5,069,994,213)

Revaluation surplus realized through disposal of operating fixed assets	-	-	-	(86,621,177)	-	86,621,177
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	(56,363,874)	-	56,363,874

Balance as at June 30, 2024 (un-audited) 25,199,631,390 1,801,082,303 - 2,303,576,156 (2,719,994,212) (17,233,745,293) 9,350,550,344

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 SIX-MONTH PERIOD ENDED JUNE 30, 2024

	Six-month ended 30 June	
	2024 (Rupees)	2023 (Rupees)
Cash flow from operating activities		
Profit / (loss) before taxation	688,644,667	(20,372,642)
<i>Adjustments to reconcile profit / (loss) before tax to net cash flows:</i>		
Depreciation on property, plant and equipment	320,181,358	257,521,294
Amortization of intangible assets	996,366	440,644
Provision for sales tax refundable	59,090,092	-
Provision for sales tax on tea whitener	254,622,021	120,541,230
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	-
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	37,058,256	-
Provision for Worker's Welfare Fund	15,462,189	-
Gain on disposal of property, plant and equipment	(2,036,049)	(4,767,822)
Profit on bank saving accounts and Term Deposit Receipts (TDRs)	(178,518,718)	(117,057,861)
Provision for employee retirement benefits	18,944,070	13,218,780
Finance cost	10,276,386	335,369,729
Operating profit before working capital changes	1,395,216,261	584,893,352
Working capital adjustments:		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(43,626,230)	(85,535,400)
Stock-in-trade	839,259,164	(1,168,922,028)
Trade debts	(563,940,331)	(455,855,729)
Loans and advances	(66,284,740)	(213,311,107)
Deposits, prepayments and other receivables	5,479,950	10,754,445
Asset held for sale	262,655,057	-
Sales tax refundable	(221,468,299)	(341,683,714)
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	52,929,137	910,412,739
	265,003,708	(1,344,140,794)
Cash generated from / (used in) operations	1,660,219,969	(759,247,442)
Income tax paid	(164,170,827)	(53,959,044)
Employee retirement benefits paid	(22,337,499)	(9,797,740)
Net cash generated from / (used in) operating activities	1,473,711,643	(823,004,226)
Cash flow from investing activities		
Acquisition of operating fixed assets	(136,332,825)	(315,353,975)
Acquisition of intangible assets	(3,293,000)	(4,001,200)
Sale proceeds from disposal of property, plant and equipment	2,965,295	80,914,486
Profit on saving accounts received	51,678,972	51,938,275
Profit on TDRs received	106,345,943	65,626,849
Net cash generated from / (used in) investing activities	21,364,386	(120,875,565)
Cash flow from financing activities		
Investment received from Fauji Foundation	-	350,000,000
Finance cost paid	(47,221,595)	(702,446,920)
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	(38,210,521)	(43,902,050)
Share issuance cost	-	(34,065,850)
Net cash (used in) / generated from financing activities	(85,432,116)	2,231,435,903
Net increase in cash and cash equivalents	1,409,643,913	1,287,556,113
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	2,715,834,941	727,497,411
<i>Cash and cash equivalents comprise of the following:</i>		
- Cash and bank balances	765,834,941	157,497,411
- Short term investments	1,950,000,000	570,000,000
	2,715,834,941	727,497,411

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 SIX-MONTH AND THREE-MONTH PERIOD ENDED JUNE 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 registered office of the Company is situated at 42 CCA, Ex Park view, DHA Phase VIII, Lahore. The Company is a subsidiary of Fauji Fertilizer Bin Qasim Limited (the Parent Company or "FFBL"). The ultimate parent of the Company is Fauji Foundation ("FF"). The Company is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products. The production plant is located at Bhalwal District Sargodha in the province of Punjab.

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	1.1.1	277,168,788
Cash and bank balances		5,351,000
		746,034,788
Liabilities assumed:		
Trade and other payables		(107,345,000)
Contract liabilities		(58,684,000)
		(166,029,000)
Net assets acquired		580,005,788
Consideration	1.1.2	3,300,000,000
Recognized in equity as acquisition reserve		(2,719,994,212)

- 1.1.1** This also includes an amount of Rs. 200 million receivable from Fauji Foundation as a part of the Business Transfer Agreement.
- 1.1.2** 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 INFRAAVEST FOODS LIMITED

During the period, the Company acquired 100% shareholding of Fauji Infraavest 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 June 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 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 but subject to limited scope review by the auditors 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, 2022, 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 six-month period ended June 30, 2023.
- 2.4** The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the three-month period ended June 30, 2024 and June 30, 2023 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the six-month period ended June 30, 2024 and June 30, 2023.
- 2.5** 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.
- 2.6** 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

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that

financial year if the estimate of the annual income tax rate changes.

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 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 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'. However, no adjustment in this regard has been made in these unconsolidated condensed interim financial statements for the six-month period ended June 30, 2024 since the consequential impact is not material.

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 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. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in 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) June 30 2024	(Audited) December 31 2023	(Un-audited) June 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) June 30 2024	(Audited) December 31 2023	(Un-audited) June 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
<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.

		(Un-audited) June 30 2024	(Audited) December 31 2023
8	TRADE AND OTHER PAYABLES	Note	
		(Rupees)	(Rupees)
	Trade and other creditors	8.1	1,075,165,068
	Accrued expenses		751,128,039
	Contract liabilities		222,616,174
	Advance against disposal of machine		-
	Retention money payable		1,006,732
	Due to employees		1,563,667

Withholding income tax payable	24,471,212	11,061,563
Withholding sales tax payable	108,836,472	15,309,546
Payable to Provident Fund	6,937,169	8,400,458
Workers' Profit Participation Fund payable	66,243,153	15,109,286
Workers' Welfare Fund payable	21,068,069	5,655,807
Others	6,423,573	1,172,362
	<u>2,285,459,328</u>	<u>2,013,980,303</u>

	(Un-audited) June 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	291,063	-
Fauji Fertilizer Bin Qasim Limited	2,000,000	500,000
Fauji Foundation	18,770,819	11,648,867
	<u>22,671,234</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 1.2	210,000,000	-
Foods Limited		
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 Rs. 129.8 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. 29.5 million (December 31, 2023: Rs. 99.24 million).

Guarantees aggregating to Rs.185.9 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, Naaval Accounts Karachi, Pakistan Oxygen Limited and Remount veterinary and corps farms.

11	PROPERTY, PLANT AND EQUIPMENT	Note	(Un-audited) June 30	(Audited) December 31
			2024	2023
			(Rupees)	(Rupees)
	Operating fixed assets			
	- Owned assets		8,208,923,301	8,356,484,835
	- Right-of-use assets		286,080,383	218,654,813
		11.1	8,495,003,684	8,575,139,648
	Capital work-in-progress	11.2	463,101,145	453,016,416
			8,958,104,829	9,028,156,064

		(Un-audited) June 30	(Audited) December 31
11.1 Operating fixed assets	Note	2024	2023
		(Rupees)	(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		91,780,335	627,680,379
- Right-of-use assets		88,360,183	-
Disposals during the period / year at NBV			
- Owned assets		(929,246)	(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		34,467,761	-
Depreciation charged during the period / year			
- Owned assets		(299,246,749)	(555,614,927)
- Right-of-use assets		(20,934,609)	(37,321,115)
Net book value at end of the period / year		<u>8,495,003,684</u>	<u>8,575,139,648</u>

11.2 Capital work-in-progress

Plant and machinery		452,630,458	437,067,915
Advances against capital expenditure		10,470,687	15,948,501
	11.2.1	<u>463,101,145</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) June 30	(Audited) December 31
12 INVESTMENT IN SUBSIDIARY COMPANY		2024	2023
		(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) June 30	(Audited) December 31
13 STOCK IN TRADE	Note	2024	2023
		(Rupees)	(Rupees)
Raw and packing material			
- in hand		761,696,122	1,245,004,936
- in transit		-	14,515,083
		<u>761,696,122</u>	<u>1,259,520,019</u>
Work-in-process		75,288,531	84,444,173
Finished goods		658,696,005	803,278,904
		<u>1,495,680,658</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>1,495,664,182</u>	<u>2,131,405,881</u>

	(Un-audited) June 30	(Audited) December 31
	2024	2023
	(Rupees)	(Rupees)
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	16,476	-

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	-	15,837,215

- 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. 2.83 million (December 31, 2023: Rs.1.57 million).

		(Un-audited) June 30	(Audited) December 31
		2024	2023
		(Rupees)	(Rupees)
14 TAX REFUNDS DUE FROM GOVERNMENT	Note		
Sales tax refundable - net	14.1 & 14.2	1,407,135,172	1,499,378,986
Income tax refundable - net	14.3 & 14.4	690,493,302	864,079,469
		2,097,628,474	2,363,458,455

- 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 recorded provision against 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. 492.93 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 June 30, 2024 (December 31, 2023: Nil).

		(Un-audited) June 30	(Audited) December 31
		2024	2023
		(Rupees)	(Rupees)
15 CASH AND CASH EQUIVALENTS	Note		
Cash and bank balances			
Cash-in-hand		87,465	378,240
Cash at banks:			
- Current accounts		68,621,041	27,892,522
- Saving accounts	15.1	697,126,435	272,569,266
Total cash and bank balances	15.2	765,834,941	300,840,028
Short term investments			
Term Deposit Receipt (TDRs)			
- Askari Bank Limited (Associated undertaking)	15.3	1,950,000,000	1,000,000,000
		2,715,834,941	1,300,840,028

- 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. 513 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 18.5% (December 31, 2023: 17% to 22.5%) per annum and have one year maturity with premature encashment option without any surcharge.

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

- 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) Six-month ended June 30		(Un-audited) Three-month ended June 30	
	2024	2023	2024	2023
	----- Rupees -----			
Gross revenue	12,678,292,012	10,701,824,428	6,484,980,178	5,172,041,550
Less: Sales tax	368,906,493	184,167,749	212,787,260	83,655,208
Discounts, incentives and allowances	895,906,616	559,379,305	433,168,529	299,177,242
	1,264,813,109	743,547,054	645,955,789	382,832,450
	<u>11,413,478,903</u>	<u>9,958,277,374</u>	<u>5,839,024,389</u>	<u>4,789,209,100</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.

During the period, the 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 in other operating expenses with prospective effect. Being aggrieved, the Company has filed an appeal before Honourable Lahore High Court against the aforementioned order of Collector of Customs contending that the Company was not provided an opportunity of being heard.

18	COST OF REVENUE	(Un-audited) Six-month ended June 30		(Un-audited) Three-month ended June 30	
		2024	2023	2024	2023
		-----Rupees-----			
	Raw materials consumed	6,101,918,842	6,811,415,787	2,963,094,640	2,902,514,324
	Salaries, wages and other benefits	222,281,120	153,324,049	109,359,982	85,859,484
	Power and fuel	299,748,205	244,494,218	151,550,999	129,520,508
	Packing materials consumed	1,500,658,471	1,220,505,050	711,895,360	608,833,350
	Freight and forwarding	207,210,802	190,048,220	98,300,403	87,810,384
	Stores and spares consumed	72,631,941	62,023,283	38,245,199	33,568,883
	Repair and maintenance	230,159,424	141,874,878	126,471,454	77,674,878
	Rent, rates and taxes	179,262	245,719	19,997	224,563
	Depreciation	262,828,699	222,690,416	127,105,379	114,399,360
	Legal and professional charges	2,640,410	2,864,196	1,153,479	2,211,944
	Insurance	4,473,148	2,819,995	2,240,573	1,259,756
	Other expenses	16,903,229	22,517,175	5,832,397	18,178,298
	Manufacturing cost	8,921,633,551	9,074,822,986	4,335,269,861	4,062,055,732
	Adjustment of work-in-process				
	Opening stock	84,444,173	157,048,335	108,685,840	161,272,639
	Stock transferred from Fauji Cereals	3,931,653	-	-	-
	Closing stock	(75,288,531)	(138,740,897)	(75,288,531)	(138,740,897)
		13,087,295	18,307,438	33,397,309	22,531,742
	Cost of goods manufactured	8,934,720,846	9,093,130,424	4,368,667,169	4,084,587,474
	Adjustment of finished goods				
	Opening stock	787,441,689	543,764,411	946,306,214	1,043,911,408
	Stock transferred from Fauji Cereals	77,135,000	-	-	-
	Closing stock	(658,696,005)	(1,029,758,772)	(658,696,005)	(1,029,758,772)
		205,880,684	(485,994,361)	287,610,209	14,152,636
		9,140,601,530	8,607,136,063	4,656,277,377	4,098,740,110
19	INCOME TAX EXPENSE	Un-audited Six-month ended June 30		Un-audited Three-month ended June 30	
		2024	2023	2024	2023
		2024	2023	2024	2023
	Current income tax expense	228,690,329	126,939,187	128,404,079	60,569,676
	Prior year taxation	94,836,841	-	94,836,841	-
		323,527,170	126,939,187	223,240,920	60,569,676
20	EARNINGS / (LOSS) PER SHARE	Un-audited Six-month ended June 30		Un-audited Three-month ended June 30	
		2024	2023	2024	2023
		2024	2023	2024	2023
	Profit / (loss) for the period - (Rupees)	365,117,497	(147,311,829)	252,950,627	22,271,185
	Weighted-average number of ordinary shares outstanding during the period	2,519,963,139	2,142,510,799	2,519,963,139	2,519,963,139
	Basic and diluted - (Rupees)	0.14	(0.07)	0.10	0.01
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.			

22 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) June 30 2024 Rupees	(Un-audited) June 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	- 22,000 3,000,000	2,712,329 112,000 7,001,200
Fauji Fertilizer Company Limited	Associated Undertaking	Purchase of Fertilizer	67,896,132	-
Fauji Foundation	Ultimate Parent Company (Shareholding and common directorship)	Management shared services charged by related party Director training fee charged by related party Miscellaneous expense charged to related party by Company Lease liability expense against right-of-use of asset	2,485,950 403,125 90,816 8,064,000	3,095,473 2,825,000 96,997 -
Foundation Gas	Associated Undertaking (Common directorship)	Purchase of LPG	5,114,636	-
Fauji Infraavest Foods Limited	Wholly owned Subsidiary (100% Ownership)	Raw materials transferred to related party	2,670,501	-
FFBL Power Company Limited	Associated Undertaking (Common directorship)	Shares issuance	-	4,000,000,000
FFC Energy Limited	Associated Undertaking (Common directorship)	Shares issuance	-	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	- 51,678,128 126,839,324	23,528,808 48,375,705 65,119,585
Employee's Provident Fund Trust	Post employee benefit plan	Contribution for the period	41,823,652	33,015,069
Employee's Gratuity Fund Trust	Post employee benefit plan	Contribution for the period	18,487,242	7,924,431
Directors		Meeting fee	5,875,000	5,865,000
Key Management Personnel		Remuneration and benefits	129,863,574	112,923,695

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 June 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 July 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 six-month period ended June 30, 2023.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT June 30, 2024

	Note	(Un-audited) June 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	(2,668,753,874)	-
Surplus on revaluation of property, plant and equipment - net of tax		2,303,576,156	2,446,561,207
Revenue reserve			
Accumulated loss		(17,261,651,613)	(17,741,847,841)
		9,373,884,363	14,055,427,060
Non-current liabilities			
Lease liabilities		173,274,385	-
Employee retirement benefits		50,562,385	50,354,814
		223,836,770	50,354,814
Current liabilities			
Current portion of long term liabilities		44,088,838	52,635,293
Trade and other payables	8	2,310,533,061	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
		8,215,587,652	2,104,526,557
Contingencies and commitments	10	17,813,308,785	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 June 30, 2024

	Note	(Un-audited) June 30 2024 Rupees	(Audited) December 31 2023 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	11	9,321,010,271	9,028,156,064
Intangible assets		12,181,401	9,884,767
Deferred taxation		-	-
Security deposits		22,800,000	10,318,982
		9,355,991,672	9,048,359,813
Current assets			
Stores, spares and loose tools		299,020,838	265,476,703
Stock-in-trade	12	1,496,593,484	2,131,405,881
Trade receivables from contract with customers		1,162,547,646	497,680,233
Loans and advances		93,896,420	29,256,194
Deposits, prepayments and other receivables		508,600,850	248,960,989
Accrued interest		82,708,459	62,215,078
Tax refunds due from Government	13	2,097,636,474	2,363,458,455
Cash and cash equivalents	14		
- Cash and bank balances		766,322,941	300,840,028
- Short term investments		1,950,000,000	1,000,000,000
		8,457,317,113	6,899,293,561
Asset held for sale	15	-	262,655,057
		<u>17,813,308,785</u>	<u>16,210,308,431</u>

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX-MONTH AND THREE-MONTH PERIOD ENDED JUNE 30, 2024

		Six-month ended June 30		Three-month ended June 30	
	Note	2024 (Rupees)	2023 (Rupees)	2024 (Rupees)	2023 (Rupees)
Revenue from contracts with customers - net	16	11,413,478,903	9,958,277,374	5,839,024,389	4,789,209,100
Cost of revenue	17	(9,157,026,102)	(8,607,136,063)	(4,670,571,862)	(4,098,740,110)
Gross profit		<u>2,256,452,802</u>	<u>1,351,141,312</u>	<u>1,168,452,526</u>	<u>690,468,990</u>
Marketing and distribution expenses		(820,580,442)	(695,961,895)	(390,106,385)	(349,239,894)
Administrative expenses		(420,973,263)	(344,165,484)	(222,771,621)	(157,427,445)
Profit from operations		<u>1,014,899,097</u>	<u>311,013,933</u>	<u>555,574,521</u>	<u>183,801,651</u>
Other income		192,586,208	126,686,626	100,604,903	56,866,382
Other operating expense		(520,662,548)	(122,703,472)	(181,082,239)	(122,235,679)
Finance costs		(26,084,409)	(335,369,729)	(18,000,871)	(35,591,493)
Profit / (loss) before taxation		<u>660,738,347</u>	<u>(20,372,642)</u>	<u>457,096,314</u>	<u>82,840,861</u>
Income tax expense	18	(323,527,170)	(126,939,187)	(223,240,920)	(60,569,676)
Profit / (loss) after taxation for the period		<u><u>337,211,177</u></u>	<u><u>(147,311,829)</u></u>	<u><u>233,855,394</u></u>	<u><u>22,271,185</u></u>
Earnings / (loss) per share - basic and diluted	19	<u>0.13</u>	<u>(0.07)</u>	<u>0.09</u>	<u>0.01</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 SIX-MONTH AND THREE-MONTH PERIOD ENDED JUNE 30, 2024**

	Six-month ended June 30		Three-month ended June 30	
	2024 (Rupees)	2023 (Rupees)	2024 (Rupees)	2023 (Rupees)
Profit / (loss) for the period	337,211,177	(147,311,829)	233,855,394	22,271,185
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>337,211,177</u>	<u>(147,311,829)</u>	<u>233,855,394</u>	<u>22,271,185</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 SIX-MONTH PERIOD ENDED JUNE 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	-	-	-	-	- (147,311,829)	(147,311,829)
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	- (147,311,829)	(147,311,829)

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	-	-	(31,660,679)	-	31,660,679	-
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	(39,060,525)	-	39,060,525	-
Balance as at June 30, 2023 (un-audited)	25,199,631,390	1,801,082,303	2,350,000,001	2,061,177,591	- (18,545,820,152)	12,866,071,133

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	-	-	-	-	337,211,177	337,211,177
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	337,211,177	337,211,177

Transactions with owners in their capacity as owners

Acquisition reserve (note 1.1)	-	-	-	(2,668,753,874)	-	(2,668,753,874)
Reclassification of share deposit money into loan (note 7)	-	-	(2,350,000,001)	-	-	(2,350,000,001)
	-	-	(2,350,000,001)	(2,668,753,874)	-	(5,018,753,875)

Revaluation surplus realized through disposal of operating fixed assets	-	-	(86,621,177)	-	86,621,177	-
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	(56,363,874)	-	56,363,874	-
Balance as at June 30, 2024 (un-audited)	25,199,631,390	1,801,082,303	- 2,303,576,156	(2,668,753,874)	(17,261,651,613)	9,373,884,363

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 SIX-MONTH PERIOD ENDED JUNE 30, 2024

	Six-month ended 30 June	
	2024 (Rupees)	2023 (Rupees)
Cash flow from operating activities		
Profit / (loss) before taxation	660,738,347	(20,372,642)
<i>Adjustments to reconcile profit / (loss) before tax to net cash flows:</i>		
Depreciation on property, plant and equipment	331,653,129	257,521,294
Amortization of intangible assets	996,366	440,644
Provision for sales tax refundable	59,090,092	-
Provision for sales tax on tea whitener	254,622,021	120,541,230
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	-
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	37,058,256	-
Provision for Worker's Welfare Fund	15,462,189	-
Gain on disposal of property, plant and equipment	(2,036,049)	(4,767,822)
Profit on bank saving accounts and Term Deposit Receipts (TDRs)	(178,535,718)	(117,057,861)
Provision for employee retirement benefits	18,944,070	13,218,780
Finance cost	26,084,756	335,369,729
Operating profit before working capital changes	1,394,573,081	584,893,352
Working capital adjustments:		
<i>(Increase) / decrease in current assets:</i>		
Stores, spares and loose tools	(43,626,230)	(85,535,400)
Stock-in-trade	838,339,862	(1,168,922,028)
Trade debts	(563,958,331)	(455,655,729)
Loans and advances	(78,533,016)	(213,311,107)
Deposits, prepayments and other receivables	5,497,950	10,754,445
Asset held for sale	262,655,057	-
Sales tax refundable	(221,468,299)	(341,683,714)
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	74,398,270	910,412,739
	273,305,263	(1,344,140,794)
Cash generated from / (used in) operations	1,667,878,344	(759,247,442)
Income tax paid	(164,178,827)	(53,959,044)
Employee retirement benefits paid	(18,736,499)	(9,797,740)
Net cash generated from / (used in) operating activities	1,484,963,018	(823,004,226)
Cash flow from investing activities		
Acquisition of operating fixed assets	(136,332,825)	(315,353,975)
Acquisition of intangible assets	(3,293,000)	(4,001,200)
Sale proceeds from disposal of property, plant and equipment	2,965,295	80,914,486
Profit on saving accounts received	51,695,972	51,938,275
Profit on TDRs received	106,345,943	65,626,849
Net cash generated from / (used in) investing activities	21,381,386	(120,875,565)
Cash flow from financing activities		
Investment received from Fauji Foundation	-	350,000,000
Finance cost paid	(63,029,965)	(702,446,920)
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	(33,786,465)	(43,902,050)
Share issuance cost	-	(34,065,850)
Net cash (used in) / generated from financing activities	(96,816,430)	2,231,435,903
Net increase in cash and cash equivalents	1,409,527,975	1,287,556,113
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 FIFL	603,938	-
Cash and cash equivalents - at end of the period	2,716,322,941	727,497,411
<i>Cash and cash equivalents comprise of the following:</i>		
- Cash and bank balances	766,322,941	157,497,411
- Short term investments	1,950,000,000	570,000,000
	2,716,322,941	727,497,411

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 SIX-MONTH AND THREE-MONTH PERIOD ENDED JUNE 30, 2024

- 1** The Group and Its Operations Fauji Foods Limited ("the Company") was incorporated in Pakistan on 26 September 1966 as a Public Company and its shares are quoted on Pakistan Stock Exchange. It is principally engaged in processing and sale of toned milk, milk powder, fruit juices, allied dairy and food products. The registered office of the Company is situated at 42 CCA, Ex Park View, DHA Phase-VII, Lahore and the manufacturing facility is located at Bhalwal, District Sargodha. The Company is a subsidiary of Fauji Fertilizer Bin Qasim Limited, the Parent Company.

Fauji Foods Limited group comprises of Fauji Foods Limited (FFL / the Holding Company) and its 100% subsidiary Fauji Infraavest Foods Limited (FIFL) collectively referred as ("Group").

Fauji Infraavest Foods Limited ("the Company") was incorporated in Pakistan as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) on July 2, 2014. The principal activity of the Company is to manufacture macronies, couscous and similar farinaceous products.

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	1.1.1	277,168,788
Cash and bank balances		5,351,000
		746,034,788
Liabilities assumed:		
Trade and other payables		(107,345,000)
Contract liabilities		(58,684,000)
		(166,029,000)
Net assets acquired		580,005,788
Consideration	1.1.2	3,300,000,000
Recognized in equity as acquisition reserve		(2,719,994,212)

1.1.1 This also includes an amount of Rs. 200 million receivable from Fauji Foundation as a part of the Business Transfer Agreement.

1.1.2 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 INFRAAVEST FOODS LIMITED

During the period, the Company acquired 100% shareholding of Fauji Infraavest Foods Limited from Fauji Foundation against a consideration of Rs. 210 million on February 20, 2024. 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. The acquisition of Fauji Infraavest Foods Limited 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. 5 3(I)/2022 dated January 12, 2022.

	261,240,338
Net assets acquired	210,000,000
Consideration	
	<u>51,240,338</u>
Recognized in equity as acquisition reserve	

	Un-audited June 30	Audited December 31
	2024	2023
The Company has the following subsidiary:	(Direct holding percentage)	

Subsidiary Companies

Fauji Infraavest Foods Limited	100%	-
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2 BASIS OF PREPARATION

2.1 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.

- 2.2** These consolidated condensed interim financial statements are un-audited but subject to limited scope review by the auditors 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 consolidated 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 consolidated condensed interim statement of financial position is extracted from annual audited financial statements as of December 31, 2022, whereas comparatives for consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows are extracted from condensed interim financial statements of the Company for the six-month period ended June 30, 2023.
- 2.3** The figures of the consolidated condensed interim statement of profit or loss and consolidated condensed interim statement of comprehensive income for the three-month period ended June 30, 2024 and June 30, 2023 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the six-month period ended June 30, 2024 and June 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

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that

financial year if the estimate of the annual income tax rate changes.

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 Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated condensed interim 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 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'. However, no adjustment in this regard has been made in these consolidated condensed interim financial statements for the six-month period ended June 30, 2024 since the consequential impact is not material.

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.

5.3 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) June 30 2024	(Audited) December 31 2023	(Un-audited) June 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) June 30 2024	(Audited) December 31 2023	(Un-audited) June 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
<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.

		(Un-audited) June 30 2024	(Audited) December 31 2023
8 TRADE AND OTHER PAYABLES	Note	(Rupees)	(Rupees)
Trade and other creditors	8.1	1,100,271,336	817,757,721
Accrued expenses		751,128,039	739,996,729
Contract liabilities		222,616,174	133,178,553
Advance against disposal of machine		-	262,655,057
Retention money payable		1,006,732	2,325,832
Due to employees		1,563,667	1,357,389

Withholding income tax payable	24,471,212	11,061,563
Withholding sales tax payable	108,803,937	15,309,546
Payable to Provident Fund	6,937,169	8,400,458
Workers' Profit Participation Fund payable	66,243,153	15,109,286
Workers' Welfare Fund payable	21,068,069	5,655,807
Others	6,423,573	1,172,362
	<u>2,310,533,061</u>	<u>2,013,980,303</u>

	(Un-audited) June 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	291,063	-
Fauji Fertilizer Bin Qasim Limited	2,000,000	500,000
Fauji Foundation	18,770,819	11,648,867
	<u>22,671,234</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 1.2	210,000,000	-
Foods Limited		
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 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 Rs. 129.8 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. 29.5 million (December 31, 2023: Rs. 99.24 million).

Guarantees aggregating to Rs.185.9 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, Naaval Accounts Karachi, Pakistan Oxygen Limited and Remount veterinary and corps farms.

11	PROPERTY, PLANT AND EQUIPMENT	Note	(Un-audited) June 30	(Audited) December 31
			2024	2023
			(Rupees)	(Rupees)
	Operating fixed assets			
	- Owned assets		8,466,264,301	8,356,484,835
	- Right-of-use assets		391,644,825	218,654,813
		11.1	8,857,909,126	8,575,139,648
	Capital work-in-progress	11.2	463,101,145	453,016,416
			9,321,010,271	9,028,156,064

		(Un-audited) June 30	(Audited) December 31
11.1 Operating fixed assets	Note	2024	2023
		(Rupees)	(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		264,223,000	-
- Owned assets		91,780,335	627,680,379
- Right-of-use assets		198,514,395	-
Disposals during the period / year at NBV			
- Owned assets		(929,246)	(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		34,467,761	-
Depreciation charged during the period / year			
- Owned assets		(306,128,749)	(555,614,927)
- Right-of-use assets		(25,524,379)	(37,321,115)
Net book value at end of the period / year		<u>8,857,909,126</u>	<u>8,575,139,648</u>

11.2 Capital work-in-progress

Plant and machinery		452,630,458	437,067,915
Advances against capital expenditure		10,470,687	15,948,501
	11.2.1	<u>463,101,145</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) June 30	(Audited) December 31
12 STOCK IN TRADE	Note	2024	2023
		(Rupees)	(Rupees)
Raw and packing material			
- in hand		762,615,424	1,245,004,936
- in transit		-	14,515,083
		<u>762,615,424</u>	<u>1,259,520,019</u>
Work-in-process		75,288,531	84,444,173
Finished goods		658,696,005	803,278,904
		<u>1,496,599,960</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>1,496,583,484</u>	<u>2,131,405,881</u>

	(Un-audited) June 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. 2.83 million (December 31, 2023: Rs.1.57 million).

		(Un-audited) June 30 2024 (Rupees)	(Audited) December 31 2023 (Rupees)
13 TAX REFUNDS DUE FROM GOVERNMENT	Note		
Sales tax refundable - net	13.1 & 13.2	1,407,135,172	1,499,378,986
Income tax refundable - net	13.3 & 13.4	690,501,302	864,079,469
		2,097,636,474	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 June 30, 2024 (December 31, 2023: Nil).

13.3 These include provision for current tax amounting to Rs. 492.93 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 June 30, 2024 (December 31, 2023: Nil).

		(Un-audited) June 30 2024 (Rupees)	(Audited) December 31 2023 (Rupees)
14 CASH AND CASH EQUIVALENTS	Note		
Cash and bank balances			
Cash-in-hand		90,465	378,240
Cash at banks:			
- Current accounts		68,743,041	27,892,522
- Saving accounts	14.1	697,489,435	272,569,266
Total cash and bank balances	14.2	766,322,941	300,840,028

Short term investments

Term Deposit Receipt (TDRs)			
- Askari Bank Limited (Associated undertaking)	14.3	1,950,000,000	1,000,000,000
		2,716,322,941	1,300,840,028

- 14.1** These saving accounts earned interest at 20.50% (December 31, 2023: 14.5% to 20.5%) per annum during the period.
- 14.2** These include bank deposits amounting to Rs. 513 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 18.5% (December 31, 2023: 17% to 22.5%) per annum and have one year maturity with premature encashment option without any surcharge.

		(Un-audited) June 30	(Audited) December 31
	Note	2024	2023
		(Rupees)	(Rupees)
15 ASSET HELD-FOR-SALE			
	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) Six-month ended June 30		(Un-audited) Three-month ended June 30	
	2024	2023	2024	2023
	----- Rupees -----			
Gross revenue	12,678,292,012	10,701,824,428	6,484,980,178	5,172,041,550
Less: Sales tax	368,906,493	184,167,749	212,787,260	83,655,208
Discounts, incentives and allowances	895,906,616	559,379,305	433,168,529	299,177,242
	1,264,813,109	743,547,054	645,955,789	382,832,450
	<u>11,413,478,903</u>	<u>9,958,277,374</u>	<u>5,839,024,389</u>	<u>4,789,209,100</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.

During the period, the 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 in other operating expenses with prospective effect. Being aggrieved, the Company has filed an appeal before Honourable Lahore High Court against the aforementioned order of Collector of Customs contending that the Company was not provided an opportunity of being heard.

17	COST OF REVENUE	(Un-audited) Six-month ended June 30		(Un-audited) Three-month ended June 30	
		2024	2023	2024	2023
		-----Rupees-----			
	Raw materials consumed	6,102,893,922	6,811,415,787	2,964,069,720	2,902,514,324
	Salaries, wages and other benefits	223,085,579	153,324,049	110,164,441	85,859,484
	Power and fuel	301,757,708	244,494,218	153,560,502	129,520,508
	Packing materials consumed	1,500,701,721	1,220,505,050	711,938,610	608,833,350
	Freight and forwarding	207,210,802	190,048,220	98,300,403	87,810,384
	Stores and spares consumed	72,631,941	62,023,283	38,245,199	33,568,883
	Repair and maintenance	231,280,114	141,874,878	127,592,144	77,674,878
	Rent, rates and taxes	179,262	245,719	19,997	224,563
	Depreciation	274,300,289	222,690,416	136,446,882	114,399,360
	Legal and professional charges	2,640,410	2,864,196	1,153,479	2,211,944
	Insurance	4,473,148	2,819,995	2,240,573	1,259,756
	Other expenses	16,903,229	22,517,175	5,832,397	18,178,298
	Manufacturing cost	8,938,058,123	9,074,822,986	4,349,564,346	4,062,055,732
	Adjustment of work-in-process				
	Opening stock	84,444,173	157,048,335	108,685,840	161,272,639
	Stock transferred from Fauji Cereals	3,931,653	-	-	-
	Closing stock	(75,288,531)	(138,740,897)	(75,288,531)	(138,740,897)
		13,087,295	18,307,438	33,397,309	22,531,742
	Cost of goods manufactured	8,951,145,418	9,093,130,424	4,382,961,654	4,084,587,474
	Adjustment of finished goods				
	Opening stock	787,441,689	543,764,411	946,306,214	1,043,911,408
	Stock transferred from Fauji Cereals	77,135,000	-	-	-
	Closing stock	(658,696,005)	(1,029,758,772)	(658,696,005)	(1,029,758,772)
		205,880,684	(485,994,361)	287,610,209	14,152,636
		<u>9,157,026,102</u>	<u>8,607,136,063</u>	<u>4,670,571,862</u>	<u>4,098,740,110</u>
18	INCOME TAX EXPENSE				
		2024	2023	2024	2023
	Current income tax expense	228,690,329	126,939,187	128,404,079	60,569,676
	Prior year taxation	94,836,841	-	94,836,841	-
		<u>323,527,170</u>	<u>126,939,187</u>	<u>223,240,920</u>	<u>60,569,676</u>
19	EARNINGS / (LOSS) PER SHARE	Un-audited Six-month ended June 30		Un-audited Three-month ended June 30	
		2024	2023	2024	2023
	Profit / (loss) for the period - (Rupees)	337,211,177	(147,311,829)	233,855,394	22,271,185
	Weighted-average number of ordinary shares outstanding during the period	2,519,963,139	2,142,510,799	2,519,963,139	2,519,963,139
	Basic and diluted - (Rupees)	0.13	(0.07)	0.09	0.01
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.

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) June 30 2024 Rupees	(Un-audited) June 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	- 22,000 3,000,000	2,712,329 112,000 7,001,200
Fauji Fertilizer Company Limited	Associated Undertaking	Purchase of Fertilizer	67,896,132	-
Fauji Foundation	Ultimate Parent Company (Shareholding and common directorship)	Management shared services charged by related party Director training fee charged by related party Miscellaneous expense charged to related party by Company Lease liability expense against right-of-use of asset	2,485,950 403,125 90,816 8,064,000	3,095,473 2,825,000 96,997 -
Foundation Gas	Associated Undertaking (Common directorship)	Purchase of LPG	5,114,636	-
FFBL Power Company Limited	Associated Undertaking (Common directorship)	Shares issuance	-	4,000,000,000
FFC Energy Limited	Associated Undertaking (Common directorship)	Shares issuance	-	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	- 51,678,128 126,839,324	23,528,808 48,375,705 65,119,585
Employee's Provident Fund Trust	Post employee benefit plan	Contribution for the period	41,823,652	33,015,069
Employee's Gratuity Fund Trust	Post employee benefit plan	Contribution for the period	18,487,242	7,924,431
Directors		Meeting fee	5,875,000	5,865,000
Key Management Personnel		Remuneration and benefits	129,863,574	112,923,695

22 OPERATING SEGMENTS

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments.

	2024			2023		
	Foods	Pasta	Consolidated	Foods	Pasta	Consolidated
	-----Rupees-----			-----Rupees-----		
Results for the period						
Revenue from contracts with customers	11,413,478,903	-	11,413,478,903	9,958,277,374	-	9,958,277,374
Profit/(Loss) after tax	365,117,496	(27,906,320)	337,211,176	(147,311,829)	-	(147,311,829)
There is no inter segment revenue between operating segments.						

	2024			2023		
	Foods	Pasta	Consolidated	Foods	Pasta	Consolidated
	-----Rupees-----			-----Rupees-----		
Assets						
Segment Assets	8,958,104,829	362,905,672	9,321,010,501	9,028,156,064	-	9,028,156,064

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 July 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 six-month period ended June 30, 2023.



Chairman



Chief Executive Officer



Director



Chief Financial Officer

Fauji Foods Limited

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