FAUJI FOODS

Delivering growth

HALF YEAR ENDED JUNE 30, **2026**

TABLE OF **CONTENTS**


fauji foods
42

CORPORATE INFORMATION

Board of Directors

Lt Gen Anwar Ali Hyder, HI(M) (Retd)
Chairman
Lt Gen Ali Amir Awan, HI(M) (Retd)
Mr. Jahangir Piracha
Syed Bakhtiyar Kazmi
Mr. Mohammad Majid Munir
Ms. Nosheen Akhtar
Mr. Basharat Ahmad Bhatti
Mr. Javed Kureishi
Mr. Yasir Ilyas Khan

Audit Committee

Mr. Javed Kureishi
Chairman
Syed Bakhtiyar Kazmi
Mr. Mohammad Majid Munir
Mr. Basharat Ahmad Bhatti

HR&R Committee

Mr. Basharat Ahmad Bhatti
Chairman
Mr. Mohammad Majid Munir
Ms. Nosheen Akhtar
Mr. Yasir Ilyas Khan

Sustainability Committee

Mr. Javed Kureishi
Chairman
Ms. Nosheen Akhtar
Mr. Yasir Ilyas Khan

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

A.F. Ferguson & Co.,
Chartered Accountants

Legal Adviser

Mr. Naveed Zafar Khan
Advocate

Website

www.faujifoods.com

Plant

Bhalwal, District Sargodha

Bankers

Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan Limited
Soneri Bank Limited
Bank of Punjab
Habib Bank Limited
Habib Metropolitan Bank Limited
United Bank Limited

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board, we are pleased to share the Directors' Report along with the unaudited condensed interim financial statements of Fauji Foods Limited (FFL) for the half year ended June 30, 2026.

Market Overview and Performance:

Pakistan's consumer goods sector, particularly food and dairy, continues to hold considerable promise even as the broader global economy remains volatile. Backed by a strong distribution network and a diverse product portfolio, FFL has navigated this environment with agility to strengthen its standing as a leading player in the market.

Pakistan's macroeconomic environment came under considerable strain during the period, driven largely by the Middle East conflict of 2026, which pushed fuel, energy, and import costs sharply higher. Within just six months, petrol and diesel prices climbed to PKR 458.41/liter and PKR 520.35/liter, respectively i.e. an increase of over 80%-100% while LNG import costs rose sharply as well, placing considerable strain on both households and industries.

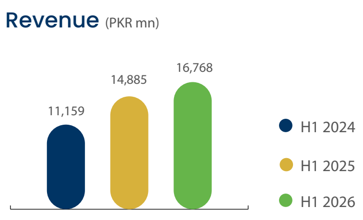
Compounding matters further, disruptions to global supply chains have led to shortages of key imported raw materials and higher transportation costs. Together with persistent inflationary pressures, these disruptions have made it increasingly difficult for businesses to protect profitability while keeping supplies to consumers uninterrupted — prompting companies across the board to revisit their cost and pricing strategies to stay viable in this volatile economic landscape.

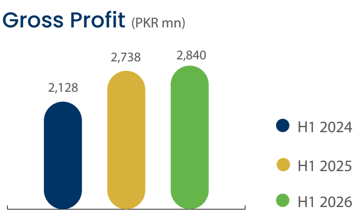
Financial Highlights:

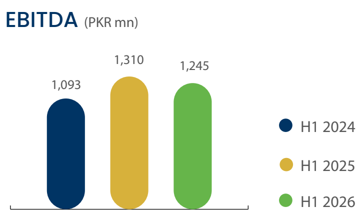
Revenue Excellence: Half-yearly revenue reached an all-time high of PKR 16.77 billion, up 12.6% over SPLY.

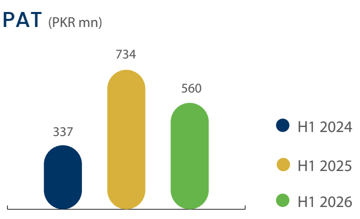
Margin Expansion: Gross Margin improved by 3.7% in absolute terms, even as input costs remained under pressure from the war in the Middle East — a reflection of our continued commitment to "Commercial Sustainability."

Operating Resilience: Despite prevailing economic headwinds, FFL delivered an Operating Profit of PKR 834 million, together with an EBITDA of PKR 1,245 million and a Profit After Tax (PAT) of PKR 560 million.









Strategic Pillars

The sustainability of these results rests on FFL's continued focus on margin-accretive growth and cost efficiency, delivered through the following strategic pillars:

- **High-Value Revenue Growth:** Net revenue increased by 12.6% over SPLY, a gain driven less by volume and more by a sustained focus on margin-accretive products. Even as the UHT Milk category continued to decline, FFL grew in value by 6.0% over SPLY — reinforcing the brand's premium positioning in the market.

- **Operational Excellence and Sustainability:** A continued focus on high-margin products, cost optimization, and supply chain efficiency helped FFL lift absolute Gross profit margin by 3.2% vs SPLY. The High-Margin Cereals business remains a key contributor to this improved margin profile, and our 1 MW Solar and Biomass projects continue to insulate the Company against rising energy costs.

- **Capability:** No business can outperform the strength of its people. Continued investment in attracting and retaining top talent, alongside a robust performance management system, has driven a marked shift in our organizational culture — reflected in employee engagement scores increasing three-fold, giving us the leadership and drive to sustain this momentum.

Future Outlook

The Middle East conflict is expected to remain a source of economic uncertainty in the period ahead, and FFL is taking a proactive approach — identifying opportunities and putting in place the steps needed to mitigate related risks. Going forward, our strategy centers on sustained investment in brand equity, further expansion of our distribution footprint, and continued scaling of the high-margin portfolio, all while keeping a tight rein on costs. We remain committed to entering the market with innovative, margin-led product launches.

Guided by our vision of "Unleashing Pakistan's promise in everything we touch," we see ourselves not simply as building a company, but as shaping a legacy of excellence that will resonate across the nation.

On behalf of the Board, we thank our shareholders and stakeholders for their continued trust and partnership.

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

Usman Zaheer Ahmad
Chief Executive Officer

Dated: July 27, 2026

اسٹریٹجک ستون:

ان نتائج کی پائیداری FFL کی جانب سے منافع میں اضافے پر مبنی ترقی (Margin-Accretive Growth) اور لاگت کی مؤثر کارکردگی (Cost Efficiency) پر مسلسل توجہ کا نتیجہ ہے، جسے درج ذیل اسٹریٹجک پلرز کے ذریعے یقینی بنایا گیا:

- **اعلیٰ قدر پر مبنی آمدنی میں اضافہ:** خالص آمدنی گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 12.6 فیصد بڑھی۔ یہ اضافہ بنیادی طور پر فروخت حجم کے بجائے زیادہ منافع بخش مصنوعات پر مسلسل توجہ دینے کا نتیجہ ہے۔ اگرچہ UHT دودھ کی کیٹگری میں مجموعی طور پر مسلسل کمی کا رجحان برقرار رہا، تاہم FFL نے مالیت کے اعتبار سے گزشتہ سال کی اسی مدت کے مقابلے میں 6.0 فیصد نمو حاصل کی، جو مارکیٹ میں برانڈ کی پریمیم پوزیشننگ کو مزید مضبوط بناتی ہے۔

- **آپریشنل عمدگی اور پائیداری:** زیادہ منافع بخش مصنوعات، لاگت میں بہتری اور سپلائی چین کی مؤثر کارکردگی پر مسلسل توجہ کے باعث FFL نے گزشتہ سال کی اسی مدت کے مقابلے میں مجموعی منافع کو مطلق بنیادوں پر 3.2 فیصد بہتر بنایا۔ زیادہ منافع والے سیریلز (Cereals) کا کاروبار اس بہتر منافع بخش کارکردگی میں اہم کردار ادا کر رہا ہے، جبکہ کمپنی کے 1 میگاواٹ سولر اور بائیو ماس منصوبے بڑھتی ہوئی توانائی لاگت کے اثرات سے کمپنی کو محفوظ رکھنے میں معاون ثابت ہو رہے ہیں۔

- **صلاحیت:** کوئی بھی کاروبار اپنے افراد کی صلاحیت سے بڑھ کر کارکردگی کا مظاہرہ نہیں کر سکتا۔ بہترین افرادی قوت کو متوجہ کرنے اور برقرار رکھنے کے لیے مسلسل سرمایہ کاری، مؤثر کارکردگی کے انتظامی نظام کے ساتھ مل کر، ہماری تنظیمی ثقافت میں نمایاں مثبت تبدیلی کا باعث بنی ہے۔ اس کا واضح ثبوت ملازمین کی وابستگی کے اسکور میں تین گنا اضافہ ہے، جس نے ہمیں اس پیش رفت کو برقرار رکھنے کے لیے مضبوط قیادت اور نئی توانائی فراہم کی ہے۔

مستقبل کا نقطہ نظر:

توقع ہے کہ مشرقِ وسطیٰ کا تنازع آئندہ عرصے میں بھی معاشی غیر یقینی صورتحال کا باعث بنا رہے گا، تاہم FFL اس صورتحال سے نمٹنے کے لیے پیشگی اور فعال حکمتِ عملی اختیار کیے ہوئے ہے۔ کمپنی نہ صرف نئے مواقع کی نشاندہی کر رہی ہے بلکہ متعلقہ خطرات کے اثرات کو کم کرنے کے لیے ضروری اقدامات بھی کر رہی ہے۔ آگے بڑھتے ہوئے ہماری حکمتِ عملی برانڈ ایکویٹی میں مسلسل سرمایہ کاری، ڈسٹری بیوشن نیٹ ورک کو مزید وسعت دینے، اور زیادہ منافع بخش مصنوعات کے پورٹ فولیو کو مزید فروغ دینے پر مرکوز رہے گی، جبکہ لاگت پر سخت کنٹرول بھی برقرار رکھا جائے گا۔ ہم مارکیٹ میں جدت پر مبنی اور زیادہ منافع بخش نئی مصنوعات متعارف کرانے کے اپنے عزم پر بھی قائم ہیں۔

’’پاکستان کی صلاحیت کو ہر پہلو میں اجاگر کرنے‘‘ کے وژن کے تحت، ہم خود کو صرف ایک کمپنی کی تعمیر تک محدود نہیں سمجھتے بلکہ ایک پائیدار اور باوقار ورثہ تشکیل دے رہے ہیں جو قومی سطح پر نمایاں ہوگا۔

بورڈ آف ڈائریکٹرز کی جانب سے ہم اپنے تمام حصص یافتگان اور دیگر اسٹیک ہولڈرز کا ان کے مسلسل اعتماد، تعاون اور شراکت داری پر دلی شکریہ ادا کرتے ہیں۔

لیفٹیننٹ جنرل انور علی حیدر
چیئرمین

عثمان ظہیر احمد
چیف ایگزیکٹو آفیسر

مورخہ 27 جولائی 2026

FAUJI FOODS

ڈائریکٹرز کی حصص داران کو رپورٹ

فوجی فوڈز لمیٹڈ (FFL) کے بورڈ آف ڈائریکٹرز 30 جون 2026ء کو ختم ہونے والی ششماہی کے لئے کمپنی کی غیرنظرثانی شدہ عبوری مالی معلومات کے ہمراہ ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی کا اظہار کرتے ہیں۔

مارکیٹ کا جائزہ اور کارکردگی:

پاکستان کا کنزیومر گڈز سیکٹر، بالخصوص خوراک اور ڈیری کا شعبہ، عالمی معیشت میں جاری غیر یقینی صورتحال کے باوجود نمایاں امکانات کا حامل ہے۔ مضبوط ڈسٹری بیوشن نیٹ ورک اور متنوع مصنوعات کے پورٹ فولیو کی بدولت FFL نے اس ماحول میں مؤثر انداز سے خود کو ہم آہنگ کرتے ہوئے مارکیٹ میں ایک نمایاں ادارے کے طور پر اپنی پوزیشن مزید مستحکم کی ہے۔

زیرِ جائزہ مدت کے دوران پاکستان کی معاشی صورتحال کو نمایاں دباؤ کا سامنا رہا، جس کی بڑی وجہ 2026 کی مشرقِ وسطیٰ کی کشیدگی تھی، جس کے باعث ایندھن، توانائی اور درآمدی لاگت میں غیر معمولی اضافہ ہوا۔ صرف چھ ماہ کے عرصے میں پیٹرول اور ڈیزل کی قیمتیں بالترتیب 458.41 روپے فی لیٹر اور 520.35 روپے فی لیٹر تک پہنچ گئیں، یعنی ان میں 80 فیصد سے 100 فیصد سے زائد اضافہ ریکارڈ کیا گیا، جبکہ LNG کی درآمدی لاگت میں بھی نمایاں اضافہ ہوا، جس سے دونوں گھریلو صارفین اور صنعتوں پر شدید مالی دباؤ پڑا۔

اس کے ساتھ ساتھ، عالمی سپلائی چین میں رکاوٹوں کے باعث اہم درآمدی خام مال کی قلت اور نقل و حمل کے اخراجات میں اضافے نے صورتحال کو مزید پیچیدہ بنا دیا۔ مسلسل افراطِ زر کے دباؤ کے ساتھ مل کر ان رکاوٹوں نے کاروباری اداروں کے لیے منافع برقرار رکھتے ہوئے صارفین کو بلاتعطل مصنوعات کی فراہمی کو مزید مشکل بنا دیا ہے۔ نتیجتاً مختلف شعبوں کی کمپنیوں کو اس غیر مستحکم معاشی ماحول میں اپنی بقا اور مسابقت برقرار رکھنے کے لیے لاگت اور قیمتوں کے تعین کی حکمت عملیوں پر ازسرِ نو نظر ثانی کرنا پڑی ہے۔

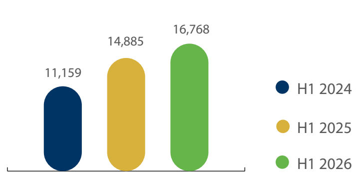
مالیاتی کارکردگی

آمدنی میں نمایاں کارکردگی: ششماہی کے دوران کمپنی کی آمدنی 16.77 بلین روپے کی تاریخی بلند ترین سطح تک پہنچ گئی، جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 12.6 فیصد زیادہ ہے۔

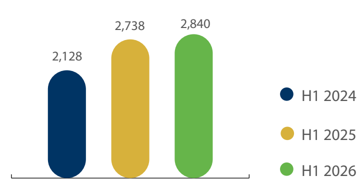
مارجن میں توسیع: مشرقِ وسطیٰ کی جنگ کے باعث خام مال کی لاگت پر مسلسل دباؤ کے باوجود مجموعی منافع کا مارجن مطلق بنیادوں پر 3.7 فیصد بہتر ہوا، جو "تجارتی پائیداری" کے اصول سے ہماری مسلسل وابستگی کا مظہر ہے۔

آپریٹنگ استحکام: موجودہ معاشی چیلنجز کے باوجود FFL نے 834 ملین روپے کا آپریٹنگ منافع حاصل کیا، جبکہ 1,245 ملین روپے کا EBITDA اور بعد از ٹیکس منافع 560 ملین روپے ریکارڈ کیا، جو کمپنی کی مضبوط مالیاتی کارکردگی اور آپریٹنگ استحکام کی عکاسی کرتا ہے۔

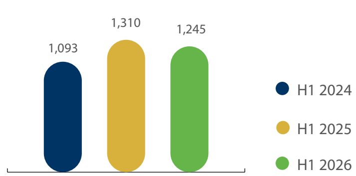
Revenue (PKR mn)



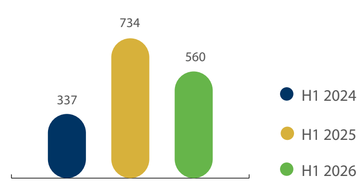
Gross Profit (PKR mn)



EBITDA (PKR mn)



PAT (PKR mn)



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, 2026 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 financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated 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 unconsolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated 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 unconsolidated interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

Pursuant to the requirement of Section 237 (1) (b) of the Companies Act, 2017, only cumulative figures for the half year, presented in the second quarter accounts are subject to a limited scope review by the statutory auditors of the Company. Accordingly, the figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the three months period ended June 30, 2026 have not been reviewed by us.

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

A. F. Ferguson & Co.

AFerguson & Co.

Chartered Accountants

Lahore
Date: August 28, 2026
UDIN: RR20261088463hgU0JGR

FAUJI FOODS

UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As At June 30, 2026

	Note	Un-audited June 30, 2026	Audited December 31, 2025
		Rupees	Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		28,000,000,000	28,000,000,000
Issued, subscribed and paid up share capital		25,199,631,390	25,199,631,390
Capital reserves			
Share premium		1,801,082,303	1,801,082,303
Surplus on revaluation of property,			
plant and equipment – net of tax		2,055,028,985	2,123,068,119
Acquisition reserve	6	(2,847,930,692)	(2,847,930,692)
Revenue reserve			
Accumulated loss		(14,760,005,794)	(15,476,025,399)
		11,447,806,192	10,799,825,721
Non–current liabilities			
Lease liabilities		254,104,937	232,318,997
Employee retirement benefits		78,495,736	99,039,968
		332,600,673	331,358,965
Current liabilities			
Current portion of long term liabilities		111,755,383	83,808,156
Trade and other payables	7	3,243,938,759	3,095,049,422
Contract liabilities		511,826,763	586,180,204
Loans payable to Ultimate Parent Company	8	5,908,554,693	5,908,554,693
Income tax provision – net		–	95,565,229
Unclaimed dividend		965,752	965,752
		9,777,041,350	9,770,123,456
Contingencies and commitments	9		
		21,557,448,215	20,901,308,142

The annexed notes from 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

Chairman	Chief Executive Officer	Director	Chief Financial Officer

FAUJI FOODS

	Note	Un-audited June 30, 2026	Audited December 31, 2025
		Rupees	Rupees
ASSETS			
Non–current assets			
Property, plant and equipment	10	9,231,849,242	9,284,688,997
Intangible assets		56,909,224	58,462,247
Investment in Subsidiary Company		210,000,000	210,000,000
Security deposits		22,800,000	22,800,000
Deferred taxation – net		–	–
		9,521,558,466	9,575,951,244
Current assets			
Stores, spares and loose tools		311,892,976	281,699,086
Stock–in–trade	11	3,563,230,390	2,444,520,293
Trade receivables from contracts with customers		2,326,660,971	2,123,422,761
Loans and advances		214,851,899	381,400,520
Deposits, prepayments and other receivables		745,267,099	853,202,467
Accrued interest		53,096,886	167,366,957
Balance with statutory authorities:			
– Sales tax refundable – net		991,884,851	754,446,655
– Income tax receivable – net		109,985,771	–
Cash and cash equivalents:	12		
– Cash and bank balances		3,119,018,906	1,869,298,159
– Short term investments		600,000,000	2,450,000,000
		12,035,889,749	11,325,356,898
		21,557,448,215	20,901,308,142

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

For the six-month and three-month period ended June 30, 2026

	Note	Six-month ended June 30, 2026	Six-month ended June 30, 2025	Three-month ended June 30, 2026	Three-month ended June 30, 2025
		Rupees	Rupees	Rupees	Rupees
Revenue from contracts with customers – net	13	16,764,132,447	14,884,902,989	8,224,657,698	6,977,665,268
Cost of revenue	14	(13,908,791,641)	(12,126,556,172)	(6,914,963,840)	(5,639,528,198)
Gross profit		2,855,340,806	2,758,346,817	1,309,693,858	1,338,137,070
Marketing and distribution expenses		(1,488,151,555)	(1,360,695,156)	(647,767,269)	(664,007,930)
Administrative expenses		(510,410,975)	(427,640,855)	(253,393,668)	(182,643,723)
Profit from operations		856,778,276	970,010,806	408,532,921	491,485,417
Other income		209,588,960	271,783,972	107,566,449	137,086,802
Other expenses		(74,133,265)	(97,030,117)	(34,016,410)	(45,649,010)
Finance cost		(37,353,017)	(26,900,194)	(23,239,774)	(14,680,006)
Profit before levy and income tax		954,880,954	1,117,864,467	458,843,186	568,243,203
Levy	15	(60,403,287)	(1,836,604)	(35,313,730)	–
Profit before income tax		894,477,667	1,116,027,863	423,529,456	568,243,203
Income tax	16	(292,884,380)	(339,460,926)	(142,661,942)	(153,139,636)
Profit for the period		601,593,287	776,566,937	280,867,514	415,103,567
Earning per share – basic and diluted	17	0.24	0.31	0.11	0.16

The annexed notes from 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

Chairman **Chief Executive Officer** **Director** **Chief Financial Officer**

FAUJI FOODS

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the six-month and three-month period ended June 30, 2026

	Six-month ended June 30,		Three-month ended June 30,	
	2026	2025	2026	2025
	Rupees	Rupees	Rupees	Rupees
Profit for the period	601,593,287	776,566,937	280,867,514	415,103,567
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss	–	–	–	–
Items that will not be reclassified subsequently to profit or loss				
– deferred tax on revaluation surplus due to change in tax rate	46,387,184	–	46,387,184	–
Other comprehensive income for the period	46,387,184	–	46,387,184	–
Total comprehensive income for the period	647,980,471	776,566,937	327,254,698	415,103,567

The annexed notes from 1 to 24 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, 2026

	Share capital	Capital Reserve			Revenue reserves	Total
		Share premium	Surplus on revaluation of property, plant and equipment - net of tax	Acquisition reserve	Accumulated loss	
	Rupees					
Balance as at January 1, 2025 (audited)	25,199,631,390	1,801,082,303	2,247,212,282	(2,847,930,692)	(16,824,400,787)	9,575,594,496
Profit after taxation for the period	–	–	–	–	776,566,937	776,566,937
Other comprehensive income for the period	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	776,566,937	776,566,937
Revaluation surplus realized through disposal						
of operating fixed assets	–	–	(2,953,629)	–	2,953,629	–
Incremental depreciation relating to surplus						
on revaluation – net of tax	–	–	(56,319,570)	–	56,319,570	–
Balance as at June 30, 2025 (un-audited)	25,199,631,390	1,801,082,303	2,187,939,083	(2,847,930,692)	(15,988,560,651)	10,352,161,433
Balance as at January 1, 2026 (audited)	25,199,631,390	1,801,082,303	2,123,068,119	(2,847,930,692)	(15,476,025,399)	10,799,825,721
Profit after taxation for the period	–	–	–	–	601,593,287	601,593,287
Other comprehensive income for the period	–	–	46,387,184	–	–	46,387,184
Total comprehensive income for the period	–	–	46,387,184	–	601,593,287	647,980,471
Revaluation surplus realized through disposal						
of opertaing fixed assests	–	–	(61,069,828)	–	61,069,828	–
Incremental depreciation relating to surplus						
on revaluation – net of tax	–	–	(53,356,490)	–	53,356,490	–
Balance as at June 30, 2026 (un-audited)	25,199,631,390	1,801,082,303	2,055,028,985	(2,847,930,692)	(14,760,005,794)	11,447,806,192

The annexed notes from 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.

Chairman **Chief Executive Officer** **Director** **Chief Financial Officer**

FAUJI FOODS

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED)

For the six-month period ended June 30, 2026

	Six-month period ended June 30, 2026	2025
	Rupees	Rupees
Cash flows from operating activities		
Profit before income tax	894,477,667	1,116,027,863
Adjustments for non–cash items:		
Depreciation on property, plant and equipment	389,976,442	348,756,220
Amortization of intangible assets	3,995,102	1,899,970
Gain on disposal of property, plant and equipment	(9,697,075)	(4,875,786)
(Reversal) / provision for obsolete stock–in–trade	(150,906)	2,500,000
Write–off of stock in trade	–	12,223,800
Advances to employees written off against provision	(3,000,000)	–
Profit on saving accounts	(71,455,605)	(67,058,595)
Profit on Term Deposit Receipts (TDRs)	(108,292,110)	(178,061,930)
Income from loan to Subsidiary Company	(9,859,761)	(6,885,392)
Provision for Worker's Profit Participation Fund	51,409,546	63,786,288
Provision for Worker's Welfare Fund	21,900,419	28,240,484
Provision for retirement benefits	30,314,255	21,793,398
Levy	60,403,287	1,836,604
Finance cost	37,353,017	25,642,089
Operating profit before working capital changes	1,287,374,278	1,365,825,013
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(30,193,890)	(44,030,954)
Stock–in–trade	(1,118,559,191)	(429,619,241)
Trade debts	(193,030,580)	578,774,761
Loans and advances	169,548,621	264,789,484
Deposits, prepayments and other receivables	42,935,368	(252,761,164)
Sales tax refundable	(237,438,196)	(546,797,112)
	(1,366,737,868)	(429,644,226)
(Decrease) / increase in current liabilities		
Trade and other payables	173,277,533	137,687,795
Contract liabilities	(74,353,441)	426,680,119
	98,924,092	564,367,914
Cash generated from operations	19,560,502	1,500,548,701
Income tax and levy paid	(512,451,483)	(272,821,929)
Worker's Profit Participation Fund paid	(119,676,415)	(67,677,849)
Employee retirement benefits paid	(50,858,487)	(32,336,885)
Net cash (used in) / generated from operating activities	(663,425,883)	1,127,712,038
Cash flows from investing activities		
Acquisition of property, plant and equipment	(376,357,080)	(440,933,421)
Acquisition of intangible assets	(2,442,079)	(9,382,230)
Sale proceeds from disposal of property, plant and equipment	165,114,506	18,220,452
Profit on saving accounts received	71,455,605	67,058,595
Profit on TDRs received	232,421,942	445,852,368
Net cash generated from investing activities	90,192,894	80,815,764
Cash flows from financing activities		
Repayment of principal portion of lease liabilities	(66,463,871)	(56,988,943)
Finance cost paid	(37,353,017)	(28,380,473)
Net cash flows used in financing activities	(103,816,888)	(85,369,416)
Net (decrease) / increase in cash and cash equivalents	(677,049,877)	1,123,158,386
Cash and cash equivalents at beginning of period prior to application of amendment to IFRS 9	4,319,298,159	3,004,097,034
Adjustment on initial application of amendment to IFRS 9 on January 1, 2026	76,770,624	–
Cash and cash equivalents at beginning of period	4,396,068,783	3,004,097,034
Cash and cash equivalents – at end of the period	3,719,018,906	4,127,255,420
Cash and cash equivalents comprise of the following:		
– Cash and bank balances	3,119,018,906	2,177,255,420
– Short term investments	600,000,000	1,950,000,000
	3,719,018,906	4,127,255,420

The annexed notes from 1 to 24 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, 2026

1 LEGAL STATUS AND OPERATIONS

Fauji Foods Limited (the Company) was incorporated in Pakistan on September 26, 1966 as a Public Company under the repealed Companies Act, 1913 (now Companies Act, 2017). The shares of the Company are listed on Pakistan Stock Exchange. The Company is a subsidiary of Fauji Fertilizer Company Limited (intermediate Parent Company). The ultimate controlling parent is Fauji Foundation. The Company is principally engaged in processing and sale of toned milk, milk powder, cereals, pasta, allied dairy and food products. Following are the business units of the Company along with their respective locations.

BUSINESS UNIT	LOCATION
Production Plants	Bhalwal, District Sargodha
	57 Dhamial Road, Rawalpindi
Registered Office and Head Office	42 CCA, Ex Park View, DHA Phase–VIII, Lahore

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 financial statements of the Company are prepared and presented separately.

	(Un-audited) June 30, 2026	(Audited) December 31, 2025	(Un-audited) June 30, 2026	(Audited) December 31, 2025
	Number of shares		(Direct holding percentage)	
The Company has the following subsidiary:				
Fauji Infraavest Foods Limited	428,949,000	428,949,000	100%	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 pasta and related 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 applicable in Pakistan 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, directives and notifications issued under the Companies Act, 2017.

Where the provisions of, directives and notifications 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 audited financial statements of the Company for the year ended December 31, 2025. Comparative unconsolidated condensed interim statement of financial position is extracted from annual audited financial statements as of December 31, 2025, 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 unconsolidated condensed interim financial statements of the Company for the six–month period ended June 30, 2025.

2.4 These unconsolidated condensed interim financial statements are prepared in Pak Rupees, which is the functional and presentation currency of the Company. Figures have been rounded off to the nearest Pak Rupee, unless otherwise stated.

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 which 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, 2025 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 audited financial statements for the year ended December 31, 2025, except for the estimation of income tax in note 4.1 and adoption of new and amended IFRS Accounting standards at set out below:

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, 2026, 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 condensed interim financial statements except for application of Amendment to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments as explained below.

The Company has historically accounted for payments and receipts using trade date accounting i.e. accounting for payments and receipts at the date when transaction is initiated rather than effective settlement date. The Amendments clarify that the date of recognition and derecognition for financial assets and financial liabilities is the 'settlement date' of the financial asset or financial liability and this accordingly affects how the Company accounts for cash and bank transfers using common payment methods.

The Company has elected not to restate prior periods in accordance with the transitional provisions of the amendment. Instead, the Company has recognized the cumulative effect of initially applying these amendments in the unconsolidated condensed interim statement of cash flows for any difference between the previous carrying amount and new carrying amount at the date of initial application.

The change of measurement category for each financial asset class affected by this ammendment at the date of initial application i.e. January 01, 2026 is explained below:

	Carrying Amount Before Amendment	Carrying Amount After Amendment	Change
		-----Rupees-----	
Financial Asset Class			
Cash and Bank Balances			
Unpresented cheque given as security deposit to supplier	–	65,000,000	65,000,000
Uncleared payments made to creditors	–	21,978,254	21,978,254
Uncredited receipts from customers	10,207,630	–	(10,207,630)
Net Adjustment to Cash and Bank Balances			76,770,624
Deposits, prepayments and other receivables	65,000,000	–	(65,000,000)
Trade receivables from contracts with customers	–	10,207,630	10,207,630

5.2 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, 2026 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 TRANSFER OF FAUJI CEREALS BUSINESS

With effect from February 19, 2024, the entire business of Fauji Cereals got transferred from Fauji Foundation to the Company. The acquisition of Fauji Cereals Business had 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 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 had 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.

As per the "Predecessor Method" of accounting given in the aforementioned Standard, the difference between consideration for acquisition and net carrying amount of the assets and liabilities received is recognized by the receiving entity within its equity. Applying "predecessor method" has resulted in a significant negative acquisition reserve in the financials statement of the Company and has also impacted the standalone and consolidated financial statements of intermediate parent and associated companies namely Fauji Fertilizer Company Limited (FFC), Fauji Fertilizer Bin Qasim Limited (FFBL now merged with and into FFC), FFC Energy Limited (FFCEL) and FFBL Power Company Limited (FPCL). As these include listed companies with shareholdings from the general public, the negative acquisition reserve has resulted in equity erosion for non–controlling shareholders of the Company, FFC and FFBL.

Accordingly, during the month of December 2024, the Company applied to the SECP to grant exemption from the mandatory application of "Predecessor Method" so that it may adopt "Acquisition Method" of accounting related to the transfer of Fauji Cereals business to the Company. The exemption request was rejected by the SECP vide its order dated August 29, 2025 and the Company subsequently challenged the order of SECP before the Islamabad High Court in Appeal No.11 of 2025. The operation of the order of SECP was suspended by the Islamabad High Court vide order dated October 16, 2025 and the matter is pending adjudication. The Company will continue to apply the "Predecessor Method" till final decision by the Islamabad High Court.

		Note	Un-audited June 30, 2026	Audited December 31, 2025
			Rupees	Rupees
7	**TRADE AND OTHER PAYABLES**			
	Trade and other creditors	7.1	1,893,713,049	1,610,889,912
	Accrued expenses		1,073,752,769	1,193,755,002
	Retention money payable		1,006,732	1,006,732
	Due to employees		61,071,964	44,913,160
	Withholding income tax payable		30,354,573	28,579,538
	Withholding sales tax payable		34,764,888	25,958,491
	Workers' Profit Participation Fund payable		51,409,546	113,988,547
	Workers' Welfare Fund payable		96,662,008	74,761,590
	Payable to Employees' Provident Fund		30,868	24,088
	Others		1,172,362	1,172,362
			3,243,938,759	3,095,049,422

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

For the six-month and three-month period ended June 30, 2026

		Un-audited June 30, 2026	Audited December 31, 2025
		Rupees	Rupees
7.1	**These include amounts due to the following related parties:**		
	Fauji Fertilizer Company Limited	42,281,451	40,781,451
	FonGrow (Private) Limited	–	341,452
	Fauji Infraavest Foods Limited	12,926,991	4,568,679
	Fauji Fresh n Freeze Limited	279,457	–
	Foundation Gas	–	190,080
	Fauji Foundation	71,086,938	50,613,477
		126,574,837	96,495,139
8	**LOANS PAYABLE TO ULTIMATE PARENT COMPANY**		
	On account of acquisition related to Fauji Cereals	3,348,554,692	3,348,554,692
	On account of acquisition related to Fauji Infraavest Foods Limited	210,000,000	210,000,000
	Share deposit money reclassified into loan	2,350,000,001	2,350,000,001
		5,908,554,693	5,908,554,693

8.1 The Ultimate Parent Company has granted a waiver to the Company exempting it from the payment of interest on outstanding loans till period ended June 30, 2026.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There has been no significant change in contingencies as reported in the unconsolidated financial statements of the Company for the year ended December 31, 2025, except for the following:

Sale tax

9.1.1 The Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice dated November 6, 2025, regarding inadmissible input tax claims for the tax periods July 2023 to June 2024, initially raising a demand of Rs. 211 million. Following the Company's formal response, the DCIR issued an order dated March 31, 2026, significantly reducing the demand to Rs. 11 million. Aggrieved by this assessment, the Company has filed an appeal before the Commissioner Inland Revenue Appeals (CIR–A) which is pending adjudication.

9.1.2 The pre–refund audit conducted for the tax periods January 2016 to June 2016 and December 2020 to December 2022, in respect of refund claims amounting to Rs. 828 million. DCIR issued a show cause notice dated June 11, 2025, expressing the intention to reject sales tax refund claims and to recover short–paid sales tax under section 11E(1)(a) of the Sales Tax Act, 1990. Subsequently, the Comapny filed a detailed reply contesting the proposed demand as unlawful and supporting its position with relevant factual data dated August 15, 2025. Thereafter, DCIR passed an order dated January 29, 2026, creating a revised demand of Rs. 1,461 million. Being aggrieved by the said order, the Company has filed an appeal on February 27, 2026 before CIR–A which is still pending adjudication.

9.1.3 The DCIR through an order issued under section 11(2), finalized the assessment proceedings for the period from July 2019 to December 2019 and raised a sales tax demand of Rs. 14 million against the Company. Aggrieved by the order, the Company filed an appeal before the CIR–A, who, vide order dated October 29, 2020, remanded the case to the DCIR for reassessment. The department

FAUJI FOODS

subsequently filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). However, the ATIR dismissed the department's appeal and upheld the remand of the case to the DCIR through its order dated January 19, 2026.

9.1.4 The DCIR issued show cause notice alleging adjustment of inadmissible input tax on goods not related to taxable supplies and non–withholding of sales tax from payment made against advertisement services. Against the show cause notice, department raised sales tax demand of Rs. 138.74 million along with default surcharge and penalty. The Company preferred an appeal before CIR–A. CIR–A decided the case in favor of the Company through order dated October 29, 2020 and annulled the department's order. The department filed an appeal before ATIR. Subsequently, the ATIR dismissed the departmental appeal and upheld the order of CIR–A vide order dated January 19, 2026.

9.1.5 The DCIR issued a show cause notice dated December 30, 2024, and passed an assessment order under section 33(5) of the Sales Tax Act, 1990 dated August 23, 2025, alleging non–apportionment of input tax on taxable and exempt supplies, creating a demand of Rs. 96.02 million alongside a Rs. 4.80 million penalty. Being aggrieved, the Company filed an appeal before the CIR–A. On January 31, 2026, CIR–A set aside the DCIR's order and remanded the case back for fresh proceedings. The Company then preferred an appeal before the ATIR, which upheld the CIR–A's decision via an order dated May 6, 2026. The Company has now filed an appeal before the Lahore High Court (LHC) against the ATIR's order, which is currently pending adjudication.

9.1.6 The Department alleged that the Comapny has short–paid sales tax amounting to Rs. 287 million on unbranded butter and cheese. The Company has contested this allegation, maintaining that the products qualified for an exemption under the sixth schedule of the Sales Tax Act, 1990 as unbranded items. The Comapny has preferred an appeal before the ATIR, which completely annulled the department's demand via an order dated September 2, 2025. Aggrieved by this decision, the Department has filed a reference application before the LHC, where the matter is currently pending adjudication.

9.1.7 "DCIR passed an order dated March 14, 2022, and served the same after one year on March 14, 2023, creating a demand of Rs. 103.37 million on account of claims for inadmissible input sales tax in sales tax returns. Being aggrieved, the Company preferred an appeal before the CIR–A. The CIR–A remanded the case to the DCIR for fresh proceedings. The Company filed an appeal before the ATIR on July 27, 2023, on the grounds that the appellate authority should have annulled the assessment order instead of remanding it to the DCIR. The ATIR upheld the decision of the CIR–A to remand the case. Being aggrieved, the Company filed a reference before the Lahore High Court against the remand, maintaining the stance that the assessment should have been annulled. Consequently, the Lahore High Court remanded the proceedings to the Department vide order dated June 24, 2025, with directions to the assessing officer to first address the issue of limitation. In response, the Company filed replies vide letters dated September 8, 2025, and October 16, 2025, respectively. Department vide order dated June 29, 2026 has again issued an adverse order against the Company. In response the Company is in the process of filing appeal before CIR–A.

Based on the opinion of the legal and tax advisors handling the above litigations as referred to in note 9.1, the management believes that the Company has strong legal grounds against each case and that no financial liability is expected to accrue, Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

9.2 Commitments

9.2.1 Commitments in respect of capital expenditure outstanding at the period end amounted to Rs. 443 million (December 31, 2025: Rs. 223.09 million).

9.2.2 Commitments in respect of letter of credit for the purchase of raw and packing material outstanding at the period end amounted to Rs. 149.48 million (December 31, 2025: Rs. 131.01 million).

9.2.3 Guarantees aggregating Rs. 385 million (December 31, 2025: Rs. 368 million) have been issued by banks on behalf of the Company Sui Northern Gas Pipeline Limited, Pakistan State Oil, Naval Accounts Karachi, Pakistan Oxygen Limited, Director General Special Education, Director General Remount Veterinary and Programme Director PMIU–PESRP.

		Note	Un-audited June 30, 2026	Audited December 31, 2025
			Rupees	Rupees
10	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets			
	– Owned assets		8,386,113,107	8,112,844,100
	– Right of use assets		425,841,273	358,362,094
		10.1	8,811,954,380	8,471,206,194
	Capital work–in–progress	10.2	419,894,862	813,482,803
			9,231,849,242	9,284,688,997
10.1	**Operating fixed assets**			
	Net book value (NBV) at beginning of the period / year		8,471,206,194	8,614,074,126
	Additions during the period / year at cost			
	– Owned assets		767,322,695	363,840,331
	– Right of use assets		118,819,364	249,705,795
	Disposals during the period / year at NBV			
	– Owned assets		(148,941,492)	(37,188,374)
	– Right of use assets		(6,475,939)	(2,539,371)
	Written off during the period / year at NBV		–	(52,588,905)
	Depreciation charged during the period / year			
	– Owned assets		(345,837,999)	(657,635,464)
	– Right of use assets		(44,138,443)	(61,461,944)
			8,811,954,380	8,416,206,194
	Reversal of impairment		–	55,000,000
	Net book value at end of the period / year		8,811,954,380	8,471,206,194
10.2	**Capital work–in–progress**			
	Plant and machinery		356,612,749	707,994,403
	Building on freehold land		15,282,880	47,860,886
	Electric and gas installations		42,161,671	44,742,824
	Computer and fixtures		1,376,698	12,884,690
	Other work equipment		4,460,864	–
			419,894,862	813,482,803

		Note	Un-audited June 30, 2026	Audited December 31, 2025
			Rupees	Rupees
11	**STOCK–IN–TRADE**			
	Raw and packing material			
	– In hand		842,805,163	1,171,211,554
	– In transit		12,377,825	39,806,148
			855,182,988	1,211,017,702
	Work–in–process		188,063,363	154,389,568
	Finished goods		2,544,838,349	1,104,118,239
			3,588,084,700	2,469,525,509
	Less: Provision for obsolescence	11.1 & 11.2	(24,854,310)	(25,005,216)
			3,563,230,390	2,444,520,293
11.1	**Movement in provision for obsolete raw and packing materials**			
	Balance at the start of the period / year		17,920,666	16,476
	(Reversal) / provision for the period / year		(150,906)	17,904,190
	Balance at the end of the period / year		17,769,760	17,920,666
11.2	**Movement in provision for obsolete finished goods**			
	Balance at the start of the period / year		7,084,550	–
	Provision for the period / year		–	36,084,585
	Written off during the period / year		–	(29,000,035)
	Balance at the end of the period / year		7,084,550	7,084,550
12	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances:			
	Cash in hand		691,256	686,184
	With banks on:			
	– Current accounts		83,128,955	139,207,481
	– Saving accounts	12.1	3,035,198,695	1,729,404,494
		12.2 & 12.3	3,118,327,650	1,868,611,975
	Total cash and bank balances		3,119,018,906	1,869,298,159
	Short term investments:			
	Term Deposit Receipts (TDRs)	12.4	600,000,000	2,450,000,000
			3,719,018,906	4,319,298,159

12.1 These saving accounts earned interest at 8.75% to 11% (December 31, 2025: 7.5% to 15%) per annum during the period / year.

12.2 These include bank deposits amounting to Rs. 440.86 million (December 31, 2025: Rs. 651.62 million) with Askari Bank Limited, an associated undertaking.

12.3 At the reporting date, Rs. 73.24 million included within cash and bank balances relate to payment instructions initiated by the Company but not yet settled like uncleared payments in accordance with settlement date accounting under the amendments to IFRS 9 and IFRS 7 as disclosed in note 5.1 to the unconsolidated condensed interim financial statements. Although these amounts remain legally within the Company's bank accounts until settlement, they are, in substance, set aside for specific purposes and may therefore not be available to meet the Company's general short–term liquidity requirements.

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

For the six-month and three-month period ended June 30, 2026

12.4 These TDRs carries mark–up at the rate of 10.55% (December 31, 2025: 10.5% to 16.20%) per annum and have one year maturity with premature encashment option without any surcharge. This includes TDR kept with Askari Bank Limited, an associated undertaking amounting to Rs. 600 million (December 31, 2025: Nil).

		(Un-audited) Six-month ended June 30,		(Un-audited) Three-month ended June 30,	
		2026	2025	2026	2025
		Rupees	Rupees	Rupees	Rupees
13	**REVENUE FROM CONTRACTS WITH CUSTOMERS – NET**				
	Gross revenue	20,079,546,572	17,947,592,917	9,754,706,284	8,375,652,860
	Less: Sales tax	(2,311,302,910)	(2,040,457,077)	(1,038,162,488)	(930,971,934)
	Discounts, incentives and allowances	(1,004,111,215)	(1,022,232,851)	(491,886,098)	(467,015,658)
		(3,315,414,125)	(3,062,689,928)	(1,530,048,586)	(1,397,987,592)
		16,764,132,447	14,884,902,989	8,224,657,698	6,977,665,268
14	**COST OF REVENUE**				
	Raw materials consumed	11,952,449,201	9,623,787,868	5,390,633,567	4,247,089,382
	Salaries, wages and other benefits	602,606,777	497,834,436	289,610,488	256,387,522
	Power and fuel	465,172,154	287,640,654	239,480,453	161,026,478
	Packing materials consumed	1,672,808,825	1,684,500,434	674,883,313	740,335,075
	Stores and spares consumed	88,711,429	89,925,962	40,907,573	46,403,243
	Repair and maintenance	210,220,430	222,211,611	94,421,454	123,718,170
	Depreciation	318,636,476	297,644,289	166,558,133	152,743,040
	Rent, rates and taxes	1,314,180	1,119,662	797,905	654,269
	Travelling and conveyance	22,243,762	14,592,409	12,610,325	7,543,142
	Printing and stationery	1,960,371	1,823,059	963,880	849,281
	Legal and professional charges	3,798,358	1,393,009	3,422,979	1,143,011
	Insurance	11,161,116	5,894,220	5,633,391	3,172,916
	Communication, establishment and others	32,102,467	42,790,063	14,590,044	21,770,237
		15,383,185,546	12,771,157,676	6,934,513,505	5,762,835,766
	Adjustment of work–in–process				
	Opening stock	154,389,568	58,355,602	168,042,614	109,139,149
	Closing stock	(188,063,363)	(95,984,591)	(188,063,363)	(95,984,591)
		(33,673,795)	(37,628,989)	(20,020,749)	13,154,558
	Cost of goods manufactured	15,349,511,751	12,733,528,687	6,914,492,756	5,775,990,324
	Adjustment of finished goods				
	Opening stock	1,097,033,689	557,430,540	2,538,224,883	1,027,940,929
	Closing stock	(2,537,753,799)	(1,164,403,055)	(2,537,753,799)	(1,164,403,055)
		(1,440,720,110)	(606,972,515)	471,084	(136,462,126)
		13,908,791,641	12,126,556,172	6,914,963,840	5,639,528,198

		(Un-audited) Six-month ended June 30, 2026	2025	(Un-audited) Three-month ended June 30, 2026	2025
		Rupees	Rupees	Rupees	Rupees
15 LEVY					
Levy – minimum tax		60,403,287	1,836,604	35,313,730	–
		60,403,287	1,836,604	35,313,730	–
16 INCOME TAX					
Current tax					
– Charge for the period		244,087,976	337,419,756	96,274,758	151,098,466
– Adjustments in respect of current income tax of previous years		2,409,220	2,041,170	–	2,041,170
Deferred tax		46,387,184	–	46,387,184	–
		292,884,380	339,460,926	142,661,942	153,139,636
17 EARNING PER SHARE – BASIC AND DILUTED					
Profit for the period	Rupees	601,593,287	776,566,937	280,867,514	415,103,567
Weighted average number of ordinary shares outstanding during the period	Number	2,519,963,139	2,519,963,139	2,519,963,139	2,519,963,139
Earning per share – basic and diluted	Rupees	0.24	0.31	0.11	0.16

18 RELATED PARTY TRANSACTIONS

18.1 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. The Company in the normal course of business carried out transactions with related parties on mutually agreed terms and conditions. Significant transactions with related parties and balances are as follows:

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

For the six-month and three-month period ended June 30, 2026

Name of related party	Relationship	Nature of transactions	(Un-audited) June 30, 2026	(Un-audited) June 30, 2025
			Rupees	Rupees
Fauji Foundation	Ultimate Parent Company (Shareholding and common directorship)	Management shared services cost charged by related party	3,217,963	3,249,904
		Interest income charged to related party	1,241,858	–
		Insurance premium charged by related party	–	185,515
		Miscellaneous expense charged by related party	289,740	–
		Lease liability expense against right–of–use of asset	9,609,600	8,736,000
		Miscellaneous expense charged to related party by company	1,131,158	–
		Sale of goods to related party	8,503,575	1,903,685
Fauji Fertilizer Company Limited	Parent Company (Shareholding and common directorship)	Expense of IT facilities charged by related party	3,000,000	3,254,404
		Sale of goods to related party	23,270,524	18,330,379
Fauji Fresh n Freeze Limited	Associated Undertaking (Common directorship)	Sale of coal to related party	–	10,043,575
		Management shared services and shared office cost charged to related party	107,969,540	56,121,118
		Miscellaneous expense charged to related party by Company	–	327,557
		Sale of goods to related party	–	8,872,105
Sona Welfare Foundation	Associated Undertaking (Common directorship)	Sale of goods to related party	–	96,010,222
Fauji Meat Limited	Associated Undertaking (Common directorship)	Management shared services cost charged to related party	3,252,402	2,310,610
FonGrow (Private) Limited	Associated Undertaking (Common directorship)	Management shared services and shared office cost charged to related party	8,123,396	8,612,347
Foundation Gas	Associated Undertaking (Common directorship)	Purchase of LPG	6,150,516	9,678,480
Fauji Infraavest Foods Limited	Wholly owned Subsidiary (100% Ownership)	Tolling Expense charged by related party	2,720,728	5,478,295
		Interest income charged to related party	9,859,761	6,885,392
		Miscellaneous payment disbursement charged to related party	6,331,972	51,495,601

FAUJI FOODS

Name of related party	Relationship	Nature of transactions	(Un-audited) June 30, 2026	(Un-audited) June 30, 2025
			Rupees	Rupees
Fauji Cement Company Limited	Associated Undertaking (Common directorship)	Sale of goods to related party	498,875	–
Askari Bank Limited	Associated Undertaking (Common directorship)	Finance cost on lease charged by related party	3,651,832	4,955,113
		Interest income on saving accounts	22,410,520	52,814,496
		Interest income on TDRs	18,036,164	124,601,102
		Sale of goods to related party	203,111,043	–
Employee's Provident Fund Trust	Post employee benefit plan	Contribution for the period	63,710,797	48,581,652
Employee's Gratuity Fund Trust	Post employee benefit plan	Contribution for the period	44,848,467	30,275,522
Directors		Meeting fee	2,740,000	1,300,000
Key Management Personnel		Remuneration and benefits	171,213,524	134,917,213

18.2 Relevant related party balances are disclosed elsewhere in these unconsolidated condensed interim financial statements except for the following:

	Un-audited June 30, 2026	Audited December 31, 2025
	Rupees	Rupees
Other receivables		
Fauji Fertilizer Company Limited	139,440	139,440
Fauji Foundation	182,087,036	373,616,526
Fauji Meat Limited	7,492,568	4,240,166
FonGrow (Private) Limited	24,292,443	16,510,499
Fauji Fresh n Freeze Limited	78,367,716	267,684
Fauji Infraavest Foods Limited	160,101,797	142,201,055
Trade receiveables from contracts with customers – considered good		
Fauji Fertilizer Company Limited	10,934,566	10,123,031
Fauji Cement Limited	581,203	925,328
Sona Welfare Foundation	11,046,799	–
Fauji Foundation	3,163,513	1,923,190
Accrued Interest		
Short term investment on TDRs of Askari Bank	18,388,513	–
Contract liabilities		
Fauji Fresh n Freeze Limited	1,302,000	1,302,000
Askari Bank Limited	53,762,012	70,826,255

19 DISCLOSURE REQUIRMENT FOR COMPANIES NOT ENGAGED IN SHARIAH NON–PERMISSIBLE BUSINESS ACTIVITIES

Following information has been disclosed as required under Part 1 Clause VII of the Fourth Schedule to the Companies Act, 2017 as amended via S.R.O. 1 278(I)/2024 dated August 15, 2024:

Description	Explanation	Un-audited June 30, 2026	Audited December 31, 2025
		Rupees	Rupees
Unconsolidated Statement of Financial Position			
Assets			
Long–term investments	Investment made under shariah permissible arrangement	210,000,000	210,000,000
Shariah compliant bank balances, bank deposits, TDRs	Shariah compliant bank deposits	2,513,421,925	–
Liabilities			
Financing (long–term, short–term, or lease financing) obtained as per Islamic mode	Lease financing obtained as per Islamic mode	215,091,063	151,619,394
Interest or mark–up accrued on any conventional loan or advance	Not Applicable	–	–

Description	Explanation	Un-audited June 30, 2026	Un-audited June 30, 2025
		Rupees	Rupees
Unconsolidated Statement of Profit or Loss			
Revenue earned for the period	Earned from shariah compliant business	16,764,132,447	14,884,902,989
Break–up of late payment and liquidated charges	Mark–up on Worker's Profit Participation Fund	5,687,868	1,258,105
Gain or loss or dividend earned on Shariah–compliant investments or share of profit from Shariah–compliant associates	Not Applicable	–	–
Profit earned from Shariah compliant bank deposits, balances / TDRs	Profit earned from Shariah compliant bank deposits	40,100,335	–
Exchange gain earned from actual currency	Not Applicable	–	–
Exchange gain earned using conventional derivative financial instruments	Not Applicable	–	–
Profit paid on Islamic mode of financing	Profit paid on shariah compliant lease financing	12,416,906	5,759,466

Description	Explanation	Un-audited June 30, 2026	Un-audited June 30, 2025
		Rupees	Rupees
Total Interest earned on any conventional loan or advance	Interest income from loan to subsidiary company	9,859,761	6,885,392
Sources and detailed breakup of other income, including breakup of other or miscellaneous portions of other income into Shariah–compliant and non–compliant income:			
Profit on Term Deposit Receipts (TDRs)	Earned from non–Shariah compliant transactions	108,292,110	178,061,930
Profit on saving accounts	Earned from non–Shariah compliant transactions	31,355,270	67,058,595
Income from loan to subsidiary company	Earned from non–Shariah compliant transactions	9,859,761	6,885,392
Sale of scrap	Earned from Shariah compliant transactions	10,284,413	13,122,139
Net income from sale of fertilizers and helicaps	Earned from Shariah compliant transactions	–	717,839
Profit on saving accounts	Earned from Shariah compliant transactions	40,100,335	–
Gain on disposal of property, plant and equipments – net	Earned from Shariah compliant transactions	9,697,071	5,938,077

Relationship with Shariah–compliant financial institutions:

The Company has relationships with respect to deposits with banks and Shariah compliant lease financing.

20 OPERATING SEGMENTS

20.1 These financial statements have been prepared on the basis of a single reportable segment.

20.2 Revenue from sale of dairy and allied products represents 93% (December 31, 2025: 93%) of the net sales of the Company.

20.3 100% (December 31, 2025: 100%) sales of the Company relate to customers in Pakistan.

20.4 All non–current assets of the Company as at June 30, 2026 and December 31, 2025 are located in Pakistan.

21 FINANCIAL RISK MANAGEMENT

21.1 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, 2025.

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

For the six-month and three-month period ended June 30, 2026

22 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

22.1 There is no change in the nature and corresponding hierarchies of fair valuation levels of financial instruments from those as disclosed in the annual financial statements of the Company for the year ended December 31, 2025.

23 CORRESPONDING FIGURES

Corresponding figures have been rearranged/reclassified wherever necessary to reflect more appropriate presentation of figures in accordance with accounting and reporting standards as applicable in Pakistan. However no significant reclassifications have been made.

24 DATE OF AUTHORIZATION OF ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on July 27, 2026 by the board of directors of the Company.

Chairman	Chief Executive Officer	Director	Chief Financial Officer

FAUJI FOODS

CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As At June 30, 2026

	Note	Un-audited June 30, 2026	Audited December 31, 2025
		Rupees	Rupees
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		28,000,000,000	28,000,000,000
Issued, subscribed and paid up share capital		25,199,631,390	25,199,631,390
Capital Reserves			
Share premium		1,801,082,303	1,801,082,303
Acquisition Reserve	6	(2,847,930,692)	(2,847,930,692)
Surplus on revaluation of property, plant and equipment – net of tax		2,055,028,985	2,123,068,119
Revenue Reserve			
Accumulated loss		(14,944,461,623)	(15,618,757,452)
		11,263,350,363	10,657,093,668
Non–current liabilities			
Lease liabilities		351,453,351	327,795,734
Deferred taxation – net		23,684,277	27,007,000
Provision for dismantling		575,000	539,000
Employee retirement benefits		78,495,736	99,039,968
		454,208,364	454,381,702
Current liabilities			
Current portion of long term liabilities		124,412,016	97,328,433
Trade and other payables	7	3,268,054,896	3,119,130,847
Contract liabilities		511,826,763	586,180,204
Loans payable to Ultimate Parent Company	8	5,908,554,693	5,908,554,693
Income tax provision – net		–	188,991,229
Unclaimed dividend		965,752	965,752
		9,813,814,120	9,901,151,158
Contingencies and commitments	9		
		21,531,372,847	21,012,626,528

The annexed notes from 1 to 24 form an integral part of these consolidated condensed interim financial statements.

Chairman **Chief Executive Officer** **Director** **Chief Financial Officer**

FAUJI FOODS

	Note	Un-audited June 30, 2026	Audited December 31, 2025
		Rupees	**Rupees**
ASSETS			
Non–current assets			
Property, plant and equipment	10	9,688,250,554	9,755,615,204
Intangible assets		56,909,224	58,462,247
Security deposits		22,800,000	22,800,000
		9,767,959,778	9,836,877,451
Current assets			
Stores, spares and loose tools		311,940,293	281,722,309
Stock–in–trade	11	3,563,230,390	2,444,520,293
Trade receivables from contracts with customers		2,326,922,838	2,124,493,367
Loans and advances		214,851,899	381,400,520
Deposits, prepayments and other receivables		585,229,799	711,049,329
Accrued interest		26,550,528	150,680,360
Balance with statutory authorities:			
– Sales tax refundable – net		996,624,089	759,731,079
– Income tax receivable – net		18,565,930	483,977
Cash and cash equivalents:	12		
– Cash and bank balances		3,119,497,303	1,871,667,843
– Short term investments		600,000,000	2,450,000,000
		11,763,413,069	11,175,749,077
		21,531,372,847	21,012,626,528

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

For the six-month and three-month period ended June 30, 2026

	Note	Six-month ended June 30, 2026	Six-month ended June 30, 2025	Three-month ended June 30, 2026	Three-month ended June 30, 2025
		Rupees	Rupees	Rupees	Rupees
Revenue from contracts with customers – net	13	16,767,788,709	14,884,902,989	8,224,657,985	6,977,665,268
Cost of revenue	14	(13,927,588,560)	(12,146,410,877)	(6,923,648,378)	(5,646,253,600)
Gross profit		2,840,200,149	2,738,492,112	1,301,009,607	1,331,411,668
Marketing and distribution expenses		(1,488,151,555)	(1,360,695,156)	(647,767,269)	(664,007,930)
Administrative expenses		(517,984,632)	(436,361,855)	(258,447,325)	(188,066,723)
Profit from operations		834,063,962	941,435,101	394,795,013	479,337,015
Other income		199,821,681	265,254,580	101,692,756	134,173,179
Other expenses		(74,133,265)	(97,030,117)	(34,016,410)	(45,649,010)
Finance cost		(49,838,211)	(39,382,194)	(29,513,968)	(21,139,006)
Profit before levy and income tax		909,914,167	1,070,277,370	432,957,391	546,722,178
Levy	15	(60,482,999)	(1,836,604)	(35,393,442)	–
Profit before income tax		849,431,168	1,068,440,766	397,563,949	546,722,178
Income tax	16	(289,561,657)	(334,106,926)	(139,284,219)	(147,785,635)
Profit for the period		559,869,511	734,333,840	258,279,730	398,936,543
Earning per share – basic and diluted	17	0.22	0.29	0.10	0.16

The annexed notes from 1 to 24 form an integral part of these consolidated condensed interim financial statements.

Chairman **Chief Executive Officer** **Director** **Chief Financial Officer**

FAUJI FOODS

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the six-month and three-month period ended June 30, 2026

	Six-month ended June 30,		Three-month ended June 30,	
	2026	2025	2026	2025
	Rupees	Rupees	Rupees	Rupees
Profit for the period	559,869,511	734,333,840	258,279,730	398,936,543
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss	–	–	–	–
Items that will not be reclassified subsequently to profit or loss:				
– deferred tax on revaluation surplus due to change in tax rate	46,387,184	–	46,387,184	–
Other comprehensive income for the period	46,387,184	–	46,387,184	–
Total comprehensive income for the period	606,256,695	734,333,840	304,666,914	398,936,543

The annexed notes from 1 to 24 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, 2026

	Share capital	Capital Reserve			Revenue reserves	Total
		Share premium	Surplus on revaluation of property, plant and equipment - net of tax	Acquisition reserve	Accumulated loss	
	Rupees					
Balance as at January 1, 2025 (audited)	25,199,631,390	1,801,082,303	2,247,212,282	(2,847,930,692)	(16,885,139,792)	9,514,855,491
Profit after taxation for the period	–	–	–	–	734,333,840	734,333,840
Other comprehensive income for the period	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	734,333,840	734,333,840
Revaluation surplus realized through disposal						
of operating fixed assets	–	–	(2,953,629)	–	2,953,629	–
Incremental depreciation relating to surplus						
on revaluation – net of tax	–	–	(56,319,570)	–	56,319,570	–
Balance as at June 30, 2025 (un-audited)	25,199,631,390	1,801,082,303	2,187,939,083	(2,847,930,692)	(16,091,532,753)	10,249,189,331
Balance as at January 1, 2026 (audited)	25,199,631,390	1,801,082,303	2,123,068,119	(2,847,930,692)	(15,618,757,452)	10,657,093,668
Profit after taxation for the period	–	–	–	–	559,869,511	559,869,511
Other comprehensive income for the period	–	–	46,387,184	–	–	46,387,184
Total comprehensive income for the period	–	–	46,387,184	–	559,869,511	606,256,695
Revaluation surplus realized through disposal						
of opertaing fixed assests	–	–	(61,069,828)	–	61,069,828	–
Incremental depreciation relating to surplus						
on revaluation – net of tax	–	–	(53,356,490)	–	53,356,490	–
Balance as at June 30, 2026 (un-audited)	25,199,631,390	1,801,082,303	2,055,028,985	(2,847,930,692)	(14,944,461,623)	11,263,350,363

The annexed notes from 1 to 24 form an integral part of these consolidated condensed interim financial statements.

Chairman **Chief Executive Officer** **Director** **Chief Financial Officer**

FAUJI FOODS

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED)

For the six-month period ended June 30, 2026

	Six-month period ended June 30, 2026	Six-month period ended June 30, 2025
	Rupees	Rupees
Cash flows from operating activities		
Profit before income tax	849,431,168	1,068,440,766
Adjustments for non–cash items:		
Depreciation on property, plant and equipment	407,343,438	365,665,220
Amortization of intangible assets	3,995,102	1,899,970
(Gain) on disposal of property, plant and equipment	(9,697,071)	(4,875,786)
(Reversal) / provision for obsolete stock–in–trade	(150,906)	2,500,000
Write–off of stock in trade	–	12,223,800
Advances to employees written off against provision	(3,000,000)	–
Profit on bank deposits	(71,509,535)	(67,336,595)
Profit on Term Deposit Receipts (TDRs)	(108,292,110)	(178,061,930)
Provision for Worker's Profit Participation Fund	51,409,546	63,786,288
Provision for Worker's Welfare Fund	21,900,419	28,240,484
Provision for retirement benefit	30,314,255	21,793,398
Levy	60,482,999	1,836,604
Finance cost on provision for dismantaling	36,000	51,000
Finance cost	49,802,211	38,073,089
Operating profit before working capital changes	1,282,065,516	1,354,236,308
Effect on cash flows due to working capital changes		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(30,217,984)	(44,030,954)
Stock–in–trade	(1,118,559,191)	(429,205,241)
Trade debts	(192,221,841)	578,774,761
Loans and advances	169,548,621	264,789,484
Deposits, prepayments and other receivables	60,819,530	(200,260,841)
Sales tax refundable	(236,893,010)	(549,207,112)
	(1,347,523,875)	(379,139,903)
(Decrease) / increase in current liabilities		
Trade and other payables	173,312,240	120,169,478
Contract liabilities	(74,353,441)	426,680,119
	98,958,799	546,849,597
Cash generated from operations	33,500,440	1,521,946,404
Income tax and levy paid	(514,053,377)	(273,244,929)
Worker's Profit Participation Fund paid	(119,676,415)	(67,677,849)
Employee retirement benefits paid	(50,858,487)	(32,336,885)
Net cash (used in) / generated from operating activities	(651,087,839)	1,148,686,741
Cash flows from investing activities		
Acquisition of property, plant and equipment	(379,199,180)	(460,990,962)
Acquisition of intangible assets	(2,442,079)	(9,382,231)
Sale proceeds from disposal of property, plant and equipment	165,114,506	20,759,823
Profit on saving accounts received	71,509,535	67,336,595
Profit on TDRs received	232,421,942	445,661,559
Net cash generated from investing activities	87,404,724	63,384,784
Cash flows from financing activities		
Repayment of principal portion of lease liabilities	(65,455,838)	(46,158,304)
Finance cost paid	(49,802,211)	(42,182,835)
Net cash flows (used in) financing activities	(115,258,049)	(88,341,139)
Net (decrease) / increase in cash and cash equivalents	(678,941,164)	1,123,730,386
Cash and cash equivalents at beginning of period prior to application of amendment to IFRS 9	4,321,667,843	3,008,952,034
Adjustment on initial application of amendment to IFRS 9 on January 1, 2026	76,770,624	–
Cash and cash equivalents at beginning of period	4,398,438,467	3,008,952,034
Cash and cash equivalents – at end of the period	3,719,497,303	4,132,682,420
Cash and cash equivalents comprise of the following:		
– Cash and bank balances	3,119,497,303	2,182,682,420
– Short term investments	600,000,000	1,950,000,000
	3,719,497,303	4,132,682,420

The annexed notes from 1 to 24 form an integral part of these consolidated condensed interim financial statements.

Chairman **Chief Executive Officer** **Director** **Chief Financial Officer**

1 THE GROUP AND ITS OPERATIONS

Holding Company:

Fauji Foods Limited

Fauji Foods Limited (the Holding Company) was incorporated in Pakistan on September 26, 1966 as a Public Company under the repealed Companies Act, 1913 (now Companies Act, 2017). The shares of the Holding Company are listed on Pakistan Stock Exchange. The Holding Company is a subsidiary of Fauji Fertilizer Company Limited (intermediate Parent Company). The ultimate controlling parent is Fauji Foundation.The Group is principally engaged in processing and sale of toned milk, milk powder, cereals, pasta, allied dairy and food products. Following are the business units of the Group along with their respective locations:

BUSINESS UNIT	LOCATIONS
Production Plants	Bhalwal, District Sargodha
	57 Dhamial Road, Rawalpindi, Punjab
	Fauji Infraavest, Dhamial Road, Rawalpindi
Registered Office and Head Office	42 CCA, Ex Park View, DHA Phase–VIII, Lahore

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 applicable in Pakistan 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. These consolidated condensed interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with audited consolidated financial statements of the Group for the year ended December 31, 2025. Comparative consolidated condensed interim statement of financial position is extracted from annual audited consolidated financial statements as of December 31, 2025, 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 consolidated condensed interim financial statements of the Group for the six–month period ended June 30, 2025.

2.3 These consolidated condensed interim financial statements are prepared in Pak Rupees, which is the functional and presentation currency of the Group. Figures have been rounded off to the nearest Pak Rupee, unless otherwise stated.

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 Group'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 Group's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the audited consolidated financial statements of the Group for the year ended December 31, 2025 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 Group's annual consolidated financial statements for the year ended December 31, 2025, except for the estimation of income tax in note 4.1 and adoption of new and amended IFRS Accounting standards at set out below:

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, 2026, 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 condensed interim financial statements except for application of Amendment to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments as explained below.

The Group has historically accounted for payments and receipts using trade date accounting i.e. accounting for payments and receipts at the date when transaction is initiated rather than effective settlement date. The Amendments clarify that the date of recognition and derecognition for financial assets and financial liabilities is the 'settlement date' of the financial asset or financial liability and this accordingly affects how the Group accounts for cash and bank transfers using common payment methods.

The Group has elected not to restate prior periods in accordance with the transitional provisions of the amendment. Instead, the Group has recognized the cumulative effect of initially applying these amendments in the consolidated condensed interim statement of cash flows for any difference between the previous carrying amount and new carrying amount at the date of initial application.

The change of measurement category for each financial asset class affected by this ammendment at the date of initial application i.e. January 01, 2026 is explained below:

	Carrying Amount Before Amendment	Carrying Amount After Amendment	Change
		-----Rupees-----	
Financial Asset Class			
Cash and Bank Balances			
Unpresented cheque given as security deposit to supplier	–	65,000,000	65,000,000
Uncleared payments made to creditors	–	21,978,254	21,978,254
Uncredited receipts from customers	10,207,630	–	(10,207,630)
Net Adjustment to Cash and Bank Balances			76,770,624
Deposits, prepayments and other receivables	65,000,000	–	(65,000,000)
Trade receivables from contracts with customers	–	10,207,630	10,207,630

5.2 Standards, Amendments and Interpretations to Existing Standards that are not yet effective and have not been early adopted by the Group

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after July 01, 2026 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

6 TRANSFER OF FAUJI CEREALS BUSINESS

With effect from February 19, 2024, the entire business of Fauji Cereals got transferred from Fauji Foundation to the Holding Company. The acquisition of Fauji Cereals Business had 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 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 Holding Company had 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.

As per the "Predecessor Method" of accounting given in the aforementioned Standard, the difference between consideration for acquisition and net carrying amount of the assets and liabilities received is recognized by the receiving entity within its equity. Applying "predecessor method" has resulted in a significant negative acquisition reserve in the consolidated financials statement of the Group and has also impacted the standalone and consolidated financial statements of intermediate parent and associated companies namely Fauji Fertilizer Company Limited (FFC), Fauji Fertilizer Bin Qasim Limited (FFBL now merged with and into FFC), FFC Energy Limited (FFCEL) and FFBL Power Company Limited (FPCL). As these include listed companies with shareholdings from the general public, the negative acquisition reserve has resulted in equity erosion for non–controlling shareholders of the Company, FFC and FFBL.

Accordingly, during the month of December 2024, the Holding Company applied to the SECP to grant exemption from the mandatory application of "Predecessor Method" so that it may adopt "Acquisition Method" of accounting related to the transfer of Fauji Cereals business to the Holding

Company. The exemption request was rejected by the SECP vide its order dated August 29, 2025 and the Holding Company subsequently challenged the order of SECP before the Islamabad High Court in Appeal No.11 of 2025. The operation of the order of SECP was suspended by the Islamabad High Court vide order dated October 16, 2025 and the matter is pending adjudication. The Holding Company will continue to apply the "Predecessor Method" till final decision by the Islamabad High Court.

		Note	Un-audited June 30, 2026	Audited December 31, 2025
			Rupees	Rupees
7	**TRADE AND OTHER PAYABLES**			
	Trade and other creditors	7.1	1,910,382,577	1,627,121,630
	Accrued expenses		1,079,345,534	1,199,773,440
	Retention money payable		1,006,732	1,006,732
	Due to employees		61,071,964	44,913,160
	Withholding income tax payable		32,208,417	30,410,808
	Withholding sales tax payable		34,764,888	25,958,491
	Workers' Profit Participation Fund payable		51,409,546	113,988,547
	Workers' Welfare Fund payable		96,662,008	74,761,590
	Payable to Employees' Provident Fund		30,868	24,088
	Others		1,172,362	1,172,361
			3,268,054,896	3,119,130,847
7.1	**These include amounts due to the following related parties:**			
	Fauji Fertilizer Company Limited		42,281,451	40,781,451
	FonGrow (Private) Limited		–	341,452
	Fauji Fresh n Freeze		279,457	–
	Foundation Gas		–	190,080
	Foundation Solar Energy (Private) Limited		88,283	–
	Fauji Foundation		100,331,303	68,398,992
			142,980,494	109,711,975
8	**LOANS PAYABLE TO ULTIMATE PARENT COMPANY**			
	On account of acquisition related to Fauji Cereals		3,348,554,692	3,348,554,692
	On account of acquisition related to Fauji Infraavest Foods Limited		210,000,000	210,000,000
	Share deposit money reclassified into loan		2,350,000,001	2,350,000,001
			5,908,554,693	5,908,554,693

8.1 The Ultimate Parent Company has granted a waiver to the Holding Company exempting it from the payment of interest on outstanding loans till period ended June 30, 2026.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There has been no significant changes in contingencies as reported in the audited consolidated financial statements of the Group for the year ended December 31, 2025, except for the following:

Sale tax

9.1.1 The Deputy Commissioner Inland Revenue (DCIR) issued a show cause notice dated November 6, 2025, regarding inadmissible input tax claims for the tax periods July 2023 to June 2024, initially raising a demand of Rs. 211 million. Following the Holding Company's formal response, the DCIR issued an order dated March 31, 2026, significantly reducing the demand to Rs. 11 million. Aggrieved by this assessment, the Holding Company has filed an appeal before the Commissioner Inland Revenue Appeals (CIR–A) which is pending adjudication.

9.1.2 The pre–refund audit conducted for the tax periods January 2016 to June 2016 and December 2020 to December 2022, in respect of refund claims amounting to Rs. 828 million. DCIR issued a show cause notice dated June 11, 2025, expressing the intention to reject sales tax refund claims and to recover short–paid sales tax under section 11E(1)(a) of the Sales Tax Act, 1990. Subsequently, the Holding Comapny filed a detailed reply contesting the proposed demand as unlawful and supporting its position with relevant factual data dated August 15, 2025. Thereafter, DCIR passed an order dated January 29, 2026, creating a revised demand of Rs. 1,461 million. Being aggrieved by the said order, the Holding Company has filed an appeal on February 27, 2026 before CIR–A which is still pending adjudication.

9.1.3 The DCIR through an order issued under section 11(2), finalized the assessment proceedings for the period from July 2019 to December 2019 and raised a sales tax demand of Rs. 14 million against the Holding Company. Aggrieved by the order, the Holding Company filed an appeal before the CIR–A, who, vide order dated October 29, 2020, remanded the case to the DCIR for reassessment. The department subsequently filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). However, the ATIR dismissed the department's appeal and upheld the remand of the case to the DCIR through its order dated January 19, 2026.

9.1.4 The DCIR issued show cause notice alleging adjustment of inadmissible input tax on goods not related to taxable supplies and non–withholding of sales tax from payment made against advertisement services. Against the show cause notice, department raised sales tax demand of Rs. 138.74 million along with default surcharge and penalty. The Holding Company preferred an appeal before CIR–A. CIR–A decided the case in favor of the Holding Company through order dated October 29, 2020 and annulled the department's order. The department filed an appeal before ATIR. Subsequently, the ATIR dismissed the departmental appeal and upheld the order of CIR–A vide order dated January 19, 2026.

9.1.5 The DCIR issued a show cause notice dated December 30, 2024, and passed an assessment order under section 33(5) of the Sales Tax Act, 1990 dated August 23, 2025, alleging non–apportionment of input tax on taxable and exempt supplies, creating a demand of Rs. 96.02 million alongside a Rs. 4.80 million penalty. Being aggrieved, the Holding Company filed an appeal before the CIR–A. On January 31, 2026, CIR–A set aside the DCIR's order and remanded the case back for fresh proceedings. The Holding Company then preferred an appeal before the ATIR, which upheld the CIR–A's decision via an order dated May 6, 2026. The Holding Company has now filed an appeal before the Lahore High Court (LHC) against the ATIR's order, which is currently pending adjudication.

9.1.6 The Department alleged that the Holding Comapny has short–paid sales tax amounting to Rs. 287 million on unbranded butter and cheese. The Holding Company has contested this allegation, maintaining that the products qualified for an exemption under the sixth schedule of the Sales Tax Act, 1990 as unbranded items. The Holding Comapny has preferred an appeal before the ATIR, which completely annulled the department's demand via an order dated September 2, 2025. Aggrieved by this decision, the Department has filed a reference application before the LHC, where the matter is currently pending adjudication.

9.1.7 DCIR passed an order dated March 14, 2022, and served the same after one year on March 14, 2023, creating a demand of Rs. 103.37 million on account of claims for inadmissible input sales tax in sales tax returns. Being aggrieved, the holding Company preferred an appeal before the CIR–A. The CIR–A remanded the case to the DCIR for fresh proceedings. The Holding Company filed an appeal before the ATIR on July 27, 2023, on the grounds that the appellate authority should have annulled the assessment order instead of remanding it to the DCIR. The ATIR upheld the decision of the CIR–A to remand the case. Being aggrieved, the Holding Company filed a reference before the Lahore High Court against the remand, maintaining the stance that the assessment should have been annulled. Consequently, the Lahore High Court remanded the proceedings to the Department vide order dated June 24, 2025, with directions to the assessing officer to first address the issue of limitation. In response, the Holding Company filed replies vide letters dated September 8, 2025, and October 16, 2025, respectively. Department vide order dated June 29, 2026 has again issued an adverse order against the Holding Company. In response the Company is in the process of filing appeal before CIR–A.

Based on the opinion of the legal and tax advisors handling the above litigations as referred to in note 9.1, the management believes that the Group has strong legal grounds against each case and that no financial liability is expected to accrue, Accordingly, no provision has been made in these consolidated condensed interim financial statements.

9.2 Commitments

9.2.1 Commitments in respect of capital expenditure outstanding at the period / year end amounted to Rs. 443.00 million (December 31, 2025: Rs. 223.09 million).

9.2.2 Commitments in respect of letter of credit for the purchase of raw and packing material outstanding at the period / year end amounted to Rs. 149.48 million (December 31, 2025: Rs. 131.01 million).

9.2.3 The Group has issued following guarantees:

Guarantees aggregating Rs. 385.00 million (31 December 2025: Rs. 368.00 million) have been issued by banks on behalf of the Group Sui Northern Gas Pipeline Limited, Pakistan State Oil, Naval Accounts Karachi, Pakistan Oxygen Limited, Director Genreral Special Education, Director General Remount Veterinary and Programme Director PMIU–PESRP.

		Note	Un-audited June 30, 2026	Audited December 31, 2025
			Rupees	Rupees
10	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets	10.1	9,268,355,692	8,941,040,901
	Capital work–in–progress	10.2	419,894,862	814,574,303
			9,688,250,554	9,755,615,204

		Note	Un-audited June 30, 2026	Audited December 31, 2025
			Rupees	Rupees
10.1	**Operating fixed assets**			
	Opening balance – Net book value		8,941,040,901	9,092,114,895
	Additions during the period / year at cost			
	– Owned assets		771,256,295	390,448,331
	– Right of use assets		118,819,364	249,705,795
			9,831,116,560	9,732,269,021
	Disposals during the period / year at NBV			
	– Owned assets		(148,941,492)	(37,188,374)
	– Right of use assets		(6,475,939)	(2,539,371)
	Written off during the period / year		–	(52,588,905)
	Depreciation charged during the period / year			
	– Owned assets		(358,027,198)	(681,800,526)
	– Right of use assets		(49,316,239)	(72,110,944)
			9,268,355,692	8,886,040,901
	Reversal of impairment		–	55,000,000
	Net book value at end of the period / year		9,268,355,692	8,941,040,901
10.2	**Capital work–in–progress**			
	Plant and machinery		356,612,749	709,085,903
	Building on freehold land		15,282,880	47,860,886
	Electric and gas installations		42,161,671	44,742,824
	Computer and fixtures		1,376,698	12,884,690
	Other work equipment		4,460,864	–
			419,894,862	814,574,303
11	**STOCK–IN–TRADE**			
	Raw and packing material			
	– In hand		842,805,163	1,171,211,554
	– In transit		12,377,825	39,806,148
			855,182,988	1,211,017,702
	Work–in–process		187,511,643	154,389,568
	Finished goods		2,545,390,069	1,104,118,239
			3,588,084,700	2,469,525,509
	Less: Provision for obsolescence	11.1 & 11.2	(24,854,310)	(25,005,216)
			3,563,230,390	2,444,520,293
11.1	**Movement in provision for obsolete raw materials**			
	Balance at the start of the period / year		17,920,666	16,476
	(Reversal) / provision for the period / year		(150,906)	17,904,190
	Balance at the end of the period / year		17,769,760	17,920,666
11.2	**Movement in provision for obsolete finished goods**			
	Balance at the start of the period / year		7,084,550	–
	Provision for the period / year		–	36,084,585
	Written off during the period / year		–	(29,000,035)
	Balance at the end of the period / year		7,084,550	7,084,550

		Note	Un-audited June 30, 2026	Audited December 31, 2025
			Rupees	Rupees
12	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances:			
	Cash in hand		691,556	686,484
	With banks on:			
	– Current accounts		83,245,163	132,296,636
	– Saving accounts	12.1	3,035,560,584	1,738,684,723
		12.2 & 12.3	3,118,805,747	1,870,981,359
	Total cash and bank balances		3,119,497,303	1,871,667,843
	Short term investments:			
	Term Deposit Receipts (TDRs)	12.4	600,000,000	2,450,000,000
			3,719,497,303	4,321,667,843

12.1 These saving accounts earned interest at 8.75% to 11% (December 31, 2025: 7.5% to 15%) per annum during the period / year.

12.2 These include bank deposits amounting to Rs. 440.86 million (December 31, 2025: Rs. 651.62 million) with Askari Bank Limited, an associated undertaking.

12.3 At the reporting date, Rs. 73.24 million included within cash and bank balances relate to payment instructions initiated by the Group but not yet settled like uncleared payments in accordance with settlement date accounting under the amendments to IFRS 9 and IFRS 7 as disclosed in note 5.1 to the consolidated condensed interim financial statements. Although these amounts remain legally within the Group's bank accounts until settlement, they are, in substance, set aside for specific purposes and may therefore not be available to meet the Group's general short–term liquidity requirements.

12.4 These TDRs carries mark–up at the rate of 10.55% (December 31, 2025: 10.5% to 16.20%) per annum and have one year maturity with premature encashment option without any surcharge. This includes TDR kept with Askari Bank Limited, an associated undertaking amounting to Rs. 600 million (December 31, 2025: Nil).

		(Un-audited) Six-month ended June 30,		(Un-audited) Three-month ended June 30,	
		2026	2025	2026	2025
		Rupees	Rupees	Rupees	Rupees
13	**REVENUE FROM CONTRACTS WITH CUSTOMERS – NET**				
	Gross revenue	20,083,202,834	17,947,592,917	9,754,706,571	8,375,652,860
	Less: Sales tax	(2,311,302,910)	(2,040,457,077)	(1,038,162,488)	(930,971,934)
	Discounts, incentives and allowances	(1,004,111,215)	(1,022,232,851)	(491,886,098)	(467,015,658)
		(3,315,414,125)	(3,062,689,928)	(1,530,048,586)	(1,397,987,592)
		16,767,788,709	14,884,902,989	8,224,657,985	6,977,665,268

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

For the six-month and three-month period ended June 30, 2026

		(Un-audited) Six-month ended June 30,		(Un-audited) Three-month ended June 30,	
		2026	2025	2026	2025
		Rupees	Rupees	Rupees	Rupees
14	**COST OF REVENUE**				
	Raw materials consumed	11,949,728,474	9,618,451,573	5,388,646,865	4,244,959,026
	Salaries, wages and other benefits	604,404,874	499,416,436	290,112,585	257,071,522
	Power and fuel	469,149,757	292,162,654	241,603,056	163,028,478
	Packing materials consumed	1,672,808,825	1,684,751,434	674,883,313	740,335,075
	Stores and spares consumed	88,873,155	89,925,962	41,069,299	46,403,243
	Repair and maintenance	210,575,218	224,585,611	94,643,242	123,680,170
	Depreciation on property, plant				
	and equipment	333,534,084	312,421,289	174,055,335	158,542,798
	Rent, rates and taxes	1,314,180	1,119,662	797,905	654,269
	Travelling and conveyance	22,243,762	14,592,409	12,610,325	7,543,142
	Printing and stationery	1,962,802	1,823,059	966,311	849,281
	Legal and professional charges	3,798,358	1,393,009	3,422,979	1,143,011
	Insurance	11,326,948	5,955,220	5,700,223	3,202,916
	Communication, establishment				
	and others	32,262,028	44,142,063	14,686,605	21,876,237
		15,401,982,465	12,790,740,381	6,943,198,043	5,769,289,168
	Adjustment of work–in–process				
	Opening stock	154,389,568	58,355,602	168,042,614	109,139,149
	Closing stock	(187,511,643)	(95,984,591)	(187,511,643)	(95,984,591)
		(33,122,075)	(37,628,989)	(19,469,029)	13,154,558
	Cost of goods manufactured	15,368,860,390	12,753,111,392	6,923,729,014	5,782,443,726
	Adjustment of finished goods				
	Opening stock	1,097,033,689	557,430,540	2,538,224,883	1,027,940,929
	Closing stock	(2,538,305,519)	(1,164,131,055)	(2,538,305,519)	(1,164,131,055)
		(1,441,271,830)	(606,700,515)	(80,636)	(136,190,126)
		13,927,588,560	12,146,410,877	6,923,648,378	5,646,253,600
15	**LEVY**				
	Levy – minimum tax	60,482,999	1,836,604	35,393,442	–
		60,482,999	1,836,604	35,393,442	–

FAUJI FOODS

		(Un-audited) Six-month ended June 30, 2026	2025	(Un-audited) Three-month ended June 30, 2026	2025
		Rupees	Rupees	Rupees	Rupees
16	**INCOME TAX**				
	Charge for the period	244,087,976	337,491,756	96,219,758	151,170,465
	Adjustments in respect of current income tax of previous years	2,409,220	2,041,170	–	2,041,170
	Deferred tax	43,064,461	(5,426,000)	43,064,461	(5,426,000)
		289,561,657	334,106,926	139,284,219	147,785,635
17	**EARNING PER SHARE – BASIC AND DILUTED**				
	Profit for the period Rupees	559,869,511	734,333,840	258,279,730	398,936,543
	Weighted average number of ordinary shares outstanding during the period Number	2,519,963,139	2,519,963,139	2,519,963,139	2,519,963,139
	Earning per share – basic and diluted Rupees	0.22	0.29	0.10	0.16

18 RELATED PARTY TRANSACTIONS

18.1 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. The Group in the normal course of business carried out transactions with related parties on mutually agreed terms and conditions. Significant transactions with related parties and balances are as follows:

Name of related party	Relationship	Nature of transactions	(Un-audited) June 30, 2026	(Un-audited) June 30, 2025
			Rupees	Rupees
Fauji Foundation	Ultimate Parent Company (Shareholding and common directorship)	Management shared services charged by related party	3,217,963	3,249,904
		Interest income charged to related party	1,241,858	–
		Insurance premium charged by related party	–	185,515
		Miscellaneous expense charged by related party	289,740	–
		Lease liability expense against right–of–use of asset	19,469,361	8,736,000
		Miscellaneous expense charged to related party by the Holding Company	1,131,158	–
		Sale of goods to related party	8,503,575	1,903,685
Fauji Fertilizer Company Limited	Parent Company (Shareholding and common directorship)	Expense of IT facilities charged by related party	3,000,000	3,254,404
		Sale of goods to related party	23,270,524	18,330,379

Name of related party	Relationship	Nature of transactions	(Un-audited) June 30, 2026	(Un-audited) June 30, 2025
			Rupees	Rupees
Fauji Fresh n Freeze Limited	Associated Undertaking	Sale of coal to related party	–	10,043,575
	(Common directorship)	Management shared services		
		and shared office cost charged		
		to related party	107,969,540	56,121,118
		Miscellaneous expense charged		
		to related party by the Holding Company	–	327,557
		Sale of goods to related party	–	8,872,105
Sona Welfare Foundation	Associated Undertaking	Sale of goods to related party	–	96,010,222
	(Common directorship)			
Fauji Meat Limited	Associated Undertaking	Management shared services		
	(Common directorship)	charged to related party	3,252,402	2,310,610
FonGrow Pvt Ltd	Associated Undertaking	Management shared services		
	(Common directorship)	and shared office cost charged		
		to related party	8,123,396	8,612,347
Foundation Gas	Associated Undertaking	Purchase of LPG	6,150,516	9,678,480
	(Common directorship)			
Fauji Cement Company Limited	Associated Undertaking	Sale of goods to related party	498,875	–
	(Common directorship)			
Askari Bank Limited	Associated Undertaking	Finance cost on lease charged		
	(Common directorship)	by related party	3,651,832	4,955,113
		Interest income on saving accounts	22,464,450	52,814,496
		Interest income on TDRs	18,036,164	124,601,102
		Sale of goods to related party	203,111,043	–
Employee's Provident Fund Trust	Post employee benefit plan	Contribution for the period	63,710,797	48,581,652
Employee's Gratuity Fund Trust	Post employee benefit plan	Contribution for the period	44,848,467	30,275,522
Directors		Meeting fee	2,740,000	1,300,000
Key Management Personnel		Remuneration and benefits	171,213,524	134,917,213

18.2 Relevant related party balances are disclosed elsewhere in these consolidated condensed interim financial statements except for the following:

	Un-audited June 30, 2026	Audited December 31, 2025
	Rupees	**Rupees**
Other receivables		
Fauji Fertilizer Company Limited	139,440	139,440
Fauji Foundation	182,087,036	373,616,526
Fauji Meat Limited	7,492,568	4,240,166
FonGrow (Private) Limited	24,292,443	16,510,499
Fauji Fresh n Freeze Limited	78,367,716	267,684
Due from related parties – considered good		
Fauji Fertilizer Company Limited	10,934,566	10,123,031
Fauji Cement Limited	581,203	925,328
Sona Welfare Foundation	11,046,799	–
Fauji Foundation	3,163,513	1,923,190
Accrued Interest		
Short term investment on TDRs of Askari Bank	18,388,513	–
Contract liabilities		
Advance received from Fauji Fresh n Freeze Limited	1,302,000	1,302,000
Advance received from Askari Bank	53,762,012	70,826,255

19 DISCLOSURE REQUIREMENT FOR COMPANIES NOT ENGAGED IN SHARIAH NON–PERMISSIBLE BUSINESS ACTIVITIES

Following information has been disclosed as required under Part 1 Clause VII of the Fourth Schedule to the Companies Act, 2017 as amended via S. R. O.1278(I)/2024 dated August 15, 2024:

Description	Explanation	Un-audited June 30, 2026	Audited December 31, 2025
		Rupees	**Rupees**
Consolidated Statement of Financial Position			
Assets			
Long–term investments	Not Applicable	–	–
Shariah compliant bank balances, bank deposits, TDRs	Shariah compliant bank deposits	2,513,421,925	–
Liabilities			
Financing (long–term, short–term, or lease financing) obtained as per Islamic mode	Lease financing obtained as per Islamic mode	215,091,063	151,619,394
Interest or mark–up accrued on any conventional loan or advance	Not Applicable	–	–

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

For the six-month and three-month period ended June 30, 2026

Description	Explanation	Un-audited June 30, 2026	Un-audited June 30, 2025
		Rupees	Rupees
Consolidated Statement of Profit or Loss			
Revenue earned for the period	Earned from shariah compliant business	16,767,788,709	6,977,665,268
Break-up of late payment and liquidated charges	Mark-up on Worker's Profit Participation Fund	5,687,868	1,258,105
Gain or loss or dividend earned on Shariah-compliant investments or share of profit from Shariah-compliant associates	Not Applicable	–	–
Profit earned from Shariah compliant bank deposits, balances / TDRs	Profit earned from Shariah compliant bank deposits	40,100,335	–
Exchange gain earned from actual currency	Not Applicable	–	–
Exchange gain earned using conventional derivative financial instruments	Not Applicable	–	–
Profit paid on Islamic mode of lease liability	Profit paid on shariah compliant lease financing	12,416,906	5,759,466
Total Interest earned on any conventional loan or advance	Not Applicable	–	–
Sources and detailed breakup of other income, including breakup of other or miscellaneous portions of other income into Shariah-compliant and non-compliant income:			
Profit on Term Deposit Receipts (TDRs)	Earned from non-Shariah compliant transactions	108,292,110	178,061,930
Profit on saving accounts	Earned from non-Shariah compliant transactions	31,409,200	67,336,595
Sale of scrap	Earned from Shariah compliant transactions	10,284,413	13,200,139
Net income from sale of fertilizers and helicaps	Earned from Shariah compliant transactions	–	717,839
Profit on saving accounts	Earned from Shariah compliant transactions	40,100,335	–

FAUJI FOODS

Description	Explanation	Un-audited June 30, 2026	Un-audited June 30, 2025
		Rupees	Rupees
Gain on disposal of property, plant and equipments – net	Earned from Shariah compliant transactions	9,697,071	5,938,077
Others	Earned from Shariah compliant transactions	38,552	–

Relationship with Shariah–compliant financial institutions:

The Group has relationships with respect to deposits with banks and Shariah compliant lease financing.

20 OPERATING SEGMENTS

20.1 These consolidated financial statements have been prepared on the basis of a single reportable segment.

20.2 Revenue from sale of dairy and allied products represents 93% (December 31, 2025: 93%) of the net sales of the Group.

20.3 100% (December 31, 2025: 100%) sales of the Group relate to customers in Pakistan.

20.4 All non–current assets of the Group as at June 30, 2026 and December 31, 2025 are located in Pakistan.

21 FINANCIAL RISK MANAGEMENT

21.1 The Group's financial risk management objectives and policies are consistent with that disclosed in the annual consolidated financial statements of the Group for the year ended December 31, 2025.

22 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

22.1 There is no change in the nature and corresponding hierarchies of fair valuation levels of financial instruments from those as disclosed in the audited consolidated financial statements of the Group for the year ended December 31, 2025.

23 CORRESPONDING FIGURES

Corresponding figures have been rearranged/reclassified wherever necessary to reflect more appropriate presentation of figures in accordance with accounting and reporting standards as applicable in Pakistan. However no significant reclassifications have been made.

24 DATE OF AUTHORIZATION OF ISSUE

These consolidated condensed interim financial statements were authorized for issue on July 27, 2026 by the board of directors of the Holding Company.

Chairman **Chief Executive Officer** **Director** **Chief Financial Officer**

NOTES

FAUJI FOODS

HEAD OFFICE
42 CCA, Ex Park View, DHA Phase - VIII, Lahore
+92-42-37136310, 37136315-17
www.faujifoods.com
/HouseOfNurpur

VANTAGE