



FrieslandCampina   
Engro Pakistan Limited



**NOURISHING TOMORROW**  
ONE DREAM AT A TIME

First Quarter  
**2025**

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# COMPANY INFORMATION

## Board of Directors

Abdul Samad Dawood (Chairman)  
Kashan Hasan (CEO & Managing Director)  
Ali Ahmed Khan  
Ehsan Ali Malik  
Zouhair Abdul Khaliq  
Liselotte Kooi  
Robert ter Borg

## Chief Financial Officer

Imran Husain

## Company Secretary

Wajiha Hasan

## Members of the Audit Committee

Zouhair Abdul Khaliq (Chairman)  
Robert ter Borg  
Ehsan Ali Malik

Secretary of the Committee is  
Maria Umar Memon,  
GM Internal Audit Department

## Banks Conventional

Allied Bank Limited  
Askari Bank Limited  
Bank Al-Falah Limited  
Bank Al-Habib Limited  
Citibank N.A  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Samba Bank Limited  
Standard Chartered Bank Pakistan Limited  
Summit Bank Limited  
United Bank Limited  
The Bank of Punjab

## Shariah Compliant

Meezan Bank Limited  
Faysal Bank Limited  
Dubai Islamic Bank

## Auditors

A.F. Ferguson & Company  
Chartered Accountants

State Life Building No. 1-C, I.I. Chundrigar Road  
Karachi 74000, Pakistan  
Tel: +92(21) 32426682-6/32426711-5

## Share Registrar

M/s. FAMCO Share Registration Services  
(Private) Limited  
8-F. Next to Hotel Faran, Block-6. PECHS Shahrah-e-Faisal, Karachi – Pakistan  
Tel: 92(21) 34380104-534384621-3  
Fax: 92(21) 34380106

## Registered Office

5th Floor, The Harbor Front Building,  
HC-3, Marine Drive, Block-4, Clifton,  
Karachi 75600 – Pakistan  
Tel: +92 (21) 35296000 (9 Lines)  
Fax: +92 (21) 35296010  
E-mail: [shareholders.pk@frieslandcampina.com](mailto:shareholders.pk@frieslandcampina.com)  
Website: [www.frieslandcampina.com.pk](http://www.frieslandcampina.com.pk)

## DIRECTORS' REPORT

The Directors of FrieslandCampina Engro Pakistan Limited (a majority-owned subsidiary of FrieslandCampina Pakistan Holdings B.V.) (the "Company") are pleased to submit the report along with the condensed financial information of the Company for the first quarter ended 31<sup>st</sup> March 2025.

## BUSINESS PERFORMANCE OVERVIEW

During the first quarter of 2025, the Company continued to navigate a tough operating environment post the imposition of sales tax on UHT milk, from July 1, 2024. The lack of level playing field versus loose milk continues to drive the safe packaged milk volumes downward, shifting consumption towards unsafe loose milk. Consequently, net sales declined by **5.3%** to **PKR 26.0 billion** (Q1 2024: PKR 27.5 billion). The improvement in profit after tax of PKR 420 million is mostly driven by a reduction in finance costs supported by optimized working capital and lower interest rates.

Despite lower volumes, the company continued its focus on cost optimization, operational efficiencies, and disciplined management of discretionary expenditures. This ensured a self-funding business model in which the company can continue its mission of conversion from loose milk.

## DAIRY-BASED PRODUCTS SEGMENT

Revenue from the Dairy-Based Products segment stood at **PKR 23.7 billion**, representing a **9.1% decline** compared to the same period last year. This was primarily attributable to the impact of sales tax on UHT milk.

## FROZEN DESSERTS SEGMENT

The Frozen Desserts segment recorded revenue of PKR 2.28 billion, reflecting a significant growth of 67.7% over the corresponding period last year (PKR 1.36 billion). This performance was supported by Eid falling in the first quarter and sustained momentum from the previous year.

## FINANCIAL PERFORMANCE

The financial performance of the company for the three months ended March 31, 2025, is summarized below:

(Rs. in million)	Three months ended		Variation
	2025	2024	
Net Sales	26,016	27,464	-5.3%
Operating Profit	2,222	1,971	+12.8%
<i>% of sales</i>	<i>8.54%</i>	<i>7.18%</i>	<i>+137 bps</i>
Profit / (Loss) after tax	1,085	665	
<i>% of sales</i>	<i>4.17%</i>	<i>2.42%</i>	<i>+175 bps</i>
Earnings / (Loss) per share (Rs.)	1.42	0.87	

## FUTURE OUTLOOK

The imposition of sales tax on UHT milk remains a challenge to the formal dairy sector - reducing affordability and impeding growth. However, the Company will continue to actively engage with key stakeholders to advocate for tax reform aligned with global benchmarks, ensuring fair competition with loose milk.

Drawing upon FrieslandCampina's global expertise and over 150 years of dairy heritage, FCEPL remains steadfast in its commitment to quality, safety, and sustainability. We continue to serve millions of Pakistanis with safe, nutritious, and affordable dairy products every day, upholding our mission of nourishing the nation with care.



**Abdul Samad Dawood**  
Chairman



**Syed Kashan Hasan**  
Chief Executive Officer

Karachi: April 21, 2025

**FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED**  
**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2025**

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED  
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)  
AS AT MARCH 31, 2025  
(Amounts in thousand)

	Note	Unaudited March 31, 2025	Audited December 31, 2024
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	12,064,629	12,407,339
Biological assets		3,365,004	3,380,848
Intangible assets		48,004	51,246
Right-of-use assets		1,928,967	1,667,486
Deferred tax asset - net		593,673	715,639
Long term advances and deposits		349,993	314,269
		18,350,270	18,536,827
<b>Current Assets</b>			
Stores, spares and loose tools	5	1,108,345	962,255
Stock-in-trade	6	14,582,081	9,361,738
Trade debts		2,137,942	1,368,890
Advances, deposits and prepayments		716,151	665,091
Accrued mark-up / interest		36,747	34,364
Other receivables		1,332,407	922,853
Sales tax recoverable		3,446,444	5,056,428
Taxes recoverable		1,787,727	1,956,081
Short-term investments		65,000	65,000
Cash and bank balances		2,084,776	2,745,744
		27,297,620	23,138,444
<b>TOTAL ASSETS</b>		<b>45,647,890</b>	<b>41,675,271</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		7,665,961	7,665,961
Share premium		865,354	865,354
Remeasurement of post employment benefits - Remeasurement loss		(217,897)	(217,897)
Unappropriated profit		9,229,204	8,144,426
		17,542,622	16,457,844
<b>Non-Current Liabilities</b>			
Long term:			
- finances		318,000	318,000
- lease liability against right-of-use assets		1,179,288	870,594
		1,497,288	1,188,594
<b>Current Liabilities</b>			
Current portion of lease liability against right-of-use assets		557,677	593,823
Trade and other payables		14,036,199	11,857,311
Contract liabilities		299,323	936,579
Unclaimed dividend		6,443	6,668
Accrued interest / mark-up on:			
- long term finances		14,498	9,793
- short term finances		274,473	475,471
Supplier financing - unfunded		11,162,980	9,838,888
Short term finances	7	256,387	310,300
		26,607,980	24,028,833
		28,105,268	25,217,427
<b>Contingencies and Commitments</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	8	<b>45,647,890</b>	<b>41,675,271</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Chief Financial Officer



**FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2025**

[Amounts in thousand except for earnings per share]

		Quarter ended March 31,	
	Note	2025	2024
		-----Rupees-----	
Revenue from contracts with customers - net		26,015,514	27,463,601
Cost of sales		(21,267,375)	(22,832,037)
<b>Gross profit</b>		4,748,139	4,631,564
Distribution and marketing expenses		(1,875,446)	(2,167,800)
Administrative expenses		(527,135)	(427,634)
Other operating expenses		(233,841)	(104,405)
Other income		110,482	38,946
<b>Operating profit</b>		2,222,199	1,970,671
Finance costs		(404,935)	(864,996)
<b>Profit before taxation</b>		1,817,264	1,105,675
Taxation		(732,486)	(440,902)
<b>Profit for the period</b>		1,084,778	664,773
<b>Earnings per share - basic and diluted</b>	9	1.42	0.87

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



**Chairman**



**Chief Executive Officer**



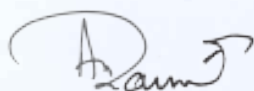
**Chief Financial Officer**

**FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2025**

(Amounts in thousand)

Note	Quarter ended March 31,	
	2025	2024
	-----Rupees-----	
Profit for the period	1,084,778	664,773
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>1,084,778</b>	<b>664,773</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Chief Financial Officer

**FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED MARCH 31, 2025**

(Amounts in thousand)

	SHARE CAPITAL	CAPITAL Share premium	RESERVES		Total
			REVENUE		
			Remeasurement of post employment benefits	Unappropriated profit	
-----Rupees-----					
Balance as at January 1, 2024 (Audited)	7,665,961	865,354	(296,594)	5,941,299	14,176,020
Profit for the period	-	-	-	664,773	664,773
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	664,773	664,773
Balance as at March 31, 2024 (Unaudited)	7,665,961	865,354	(296,594)	6,606,072	14,840,793
Balance as at January 1, 2025 (Audited)	7,665,961	865,354	(217,897)	8,144,426	16,457,844
Profit for the period	-	-	-	1,084,778	1,084,778
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,084,778	1,084,778
Balance as at March 31, 2025 (Unaudited)	7,665,961	865,354	(217,897)	9,229,204	17,542,622

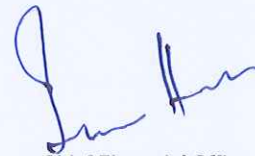
The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Chief Financial Officer

**FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2025**

(Amounts in thousand)

(Amounts in thousand)	Note	Quarter ended March 31,	
		2025	2024
		-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from / (utilized) in operations	10	390,755	(2,854,473)
Finance costs paid		(550,317)	(686,499)
Taxes paid		(442,167)	(186,187)
Long term advances and deposits - net		(35,724)	(12,607)
<b>Net cash utilized in operating activities</b>		(637,453)	(3,739,766)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(76,940)	(572,701)
Proceeds from disposal of:			
- property, plant and equipment		31,977	27,186
- biological assets		243,703	113,853
Interest Income received		21,170	29,101
<b>Net cash generated from / (utilized) in investing activities</b>		219,910	(402,561)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(225)	-
Proceeds from / (Repayment of) short term finance		203,413	(121,259)
Repayment of long term finances		-	(250,000)
Repayment of lease liability against right-of-use assets		(189,287)	(151,769)
<b>Net cash generated from / (utilized) in financing activities</b>		13,901	(523,028)
<b>Net decrease in cash and cash equivalents</b>		(403,642)	(4,665,355)
Cash and cash equivalents at beginning of the period		2,391,618	3,078,478
<b>Cash and cash equivalents at end of the period</b>	11	1,987,976	(1,586,877)

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Chief Financial Officer



**FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2025**

(Amounts in thousand)

**1. LEGAL STATUS AND OPERATIONS**

- 1.1 FrieslandCampina Engro Pakistan Limited (the Company), is a public listed company incorporated in Pakistan, under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on April 26, 2005, and its shares are quoted on the Pakistan Stock Exchange. The Company is a subsidiary of FrieslandCampina Pakistan Holdings B.V. (the Holding Company) which is a subsidiary of Zuivelcoöperatie FrieslandCampina UA (the Ultimate Parent Company) and its registered office is situated at 5th Floor, the Harbour Front Building, Plot No. HC-3, Block-4, Scheme No. 5, Clifton, Karachi.
- 1.2 The principal activity of the Company is to manufacture, process and sell dairy based products and frozen desserts. The Company also owns and operates a dairy farm.

**2. BASIS OF PREPARATION**

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34), issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

- 2.2 These condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2024.
- 2.3 The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty are the same as those that were applied to the financial statements for the year ended December 31, 2024, unless otherwise specified.

**3. MATERIAL ACCOUNTING POLICIES AND CHANGES THEREIN**

- 3.1 The material accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2024.
- 3.2 There are certain standards and amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

(Amounts in thousand)

4. PROPERTY, PLANT AND EQUIPMENT	Unaudited March 31, 2025	Audited December 31, 2024
	----- Rupees -----	
Operating assets, at net book value (notes 4.1, 4.2 and 4.3)	9,595,082	9,940,990
Capital work-in-progress (note 4.3)	1,657,185	1,639,044
Major spare parts and stand-by equipment	812,362	827,305
	<u>12,064,629</u>	<u>12,407,339</u>

		Unaudited Quarter ended March 31, 2025		2024	
		----- Rupees -----			
4.1	Following transfers from capital work-in-progress, were made to operating assets during the period:				
	Buildings on freehold land	-		49,523	
	Plant, machinery and related equipment	46,470		673,047	
	Office equipment and furniture & fittings	12,330		15,714	
	Vehicles	-		9,833	
		58,800		748,117	

4.2 The details of operating assets disposed-off / write-off during the period are as follows:

	Cost	Accumulated depreciation / impairment	Net book value	Sales proceeds	Mode of disposal
	----- Rupees -----				
Plant, machinery and related equipment	30,497	(29,218)	1,280	9,410	Sold to Third Party
Computer equipment	48,000	(43,207)	4,793	17,974	Employee Buybacks and Insurance claims
Freezers and Trikes	4,148	(3,946)	202	741	Sold to Third Party and Insurance claims
Vehicles	10,768	(9,535)	1,233	3,852	Employee Buybacks
March 31, 2025	<u>93,413</u>	<u>(85,905)</u>	<u>7,508</u>	<u>31,977</u>	
March 31, 2024	<u>474,351</u>	<u>(468,891)</u>	<u>5,460</u>	<u>27,186</u>	

		Unaudited Quarter ended March 31, 2025		2024	
		----- Rupees -----			
4.3	Following additions were made to capital work-in-progress during the period:				
	Buildings on freehold land	144		49,033	
	Plant, machinery and related equipment	43,970		496,374	
	Office equipment, furniture & fittings and computer equipment	16,763		17,461	
	Vehicles	16,063		9,833	
		76,940		572,701	

#### 5. STORES, SPARES AND LOOSE TOOLS

These includes provision against expired / obsolete stores and spares amounting to Rs. 523,315 (December 31, 2024: Rs. 506,616).



(Amounts in thousand)

	Unaudited March 31, 2025	Audited December 31, 2024
	----- Rupees -----	
<b>6. STOCK-IN-TRADE</b>		
Raw and packaging material (note 6.1)	4,776,450	4,949,215
Work in process (note 6.2)	7,312,227	1,772,837
Finished goods (note 6.3)	3,035,203	2,889,541
	15,123,880	9,611,593
Less: Provision for expired / obsolete stock	(541,799)	(249,855)
	<u>14,582,081</u>	<u>9,361,738</u>

- 6.1 Stock amounting to Rs. 10,828 (March 31, 2024: Rs. 2,918) has been written-off against provision during the period.

	Unaudited March 31, 2025	Audited December 31, 2024
	----- Rupees -----	
<b>7. SHORT TERM FINANCES - secured</b>		
Export Running Finance (ERF) Loan (note 7.1 & 7.2)	249,587	46,174
Running Finance Facilities (note 7.2)	6,800	264,126
	<u>256,387</u>	<u>310,300</u>

- 7.1 Represents short term loan obtained against export sales under the State Bank of Pakistan's FE - 25 Scheme. The facility carries mark up at the rate of 6% per annum.
- 7.2 The facilities for short term running finance available from various banks, which represent the aggregate sale price of all mark-up arrangements, amount to Rs.12,000,000 (December 31, 2024: Rs. 12,000,000). The unutilized balance against these facilities as at March 31, 2025 was Rs.11,743,613 (December 31, 2024: Rs. 11,689,700). The rates of mark-up on these finances other than ERF are KIBOR based and range from 12.13% to 13.81% (December 31, 2024: 14.86% to 16.59%) per annum. These facilities are secured by way of floating charge upon all the present and future current assets of the Company.
- 7.3 The facilities for opening letters of credit and bank guarantees as at March 31, 2025 amount to Rs. 26,500,000 (December 31, 2024: Rs. 26,500,000), of which the amount remaining unutilized as at March 31, 2025 was Rs.16,134,445 (December 31, 2024: Rs. 14,678,365).

## 8. CONTINGENCIES AND COMMITMENTS

There is no significant change in the matters disclosed in notes 14, 25 and 33.2 to the financial statements for the year ended December 31, 2024, except for the following:

- Commitments in respect of capital expenditure contracted for but not incurred as at March 31, 2025 amounts to Rs. 252,382 (December 31, 2024: Rs. 595,425).
- Commitments in respect of purchase of certain commodities as at March 31, 2025 amounts to Rs. 1,388,633 (December 31, 2024: Rs. 1,738,422).

(Amounts in thousand)

- The DCIR passed an order on February 26, 2025 for the recovery of Super tax for tax year 2023 of Rs. 292,024. The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- On March 05, 2024 Sindh Revenue Board (SRB) issued notice to recover Workers Welfare Fund (WWF) for the year 2022. The Company being a transprovincial entity has discharged its WWF liability under the federal law, therefore, it filed a case thereagainst before the SHC. SHC vide interim order dated April 03, 2024 had directed SRB to not recover the amount till the decision of the case. During the period, SHC disposed off the case in favor of the Company.
- The DCIR passed an order on March 06, 2025 for the period January 2022 to December 2022 alleging Sales tax has not been charged on disposal of fixed assets thereby creating demand of Rs.6,400. The Company has filed an appeal before the CIR A against the impugned order. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- The Customs Department issued various orders alleging that the Company has misdeclared Harmonized System (HS) code on certain raw materials imported and is therefore, required to pay additional duties and taxes. The Company being aggrieved with the said demands has filed appeals before relevant forum. The Collector of Customs (Appeal) 'CCA' decided majority of the appeals. CCA in the decisions had set aside the orders of the Customs Department with the direction to the Department to refer the cases to the Classification Committee and decide the case according to the findings of the Committee. Department has not yet referred the cases to the Committee. Both Company and Customs Department has also filed appeals against the CCA orders.

The appellate tribunal had also decided appeals against the Company. The Company had filed an appeal against the aforesaid decisions in the Sindh High Court. During the period, SHC disposed some of the appeals by referring the matter to Classification Committee 'CC'. CC has not taken up the matter yet.

During the period, the Collector of Customs Appeal also decided few appeals against the Company. The Company has filed further appeal before Customs Appellate Tribunal against these orders.

The Company, based on the opinion of its legal consultant, is confident of a favorable outcome of the appeals.

#### 9. EARNINGS PER SHARE - Basic and diluted

	Quarter ended March 31,	
	2025	2024
	----- Rupees -----	
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Profit for the period	1,084,778	664,773
	----- Number of shares -----	
Weighted average number of ordinary shares for determination of basic and diluted EPS	766,596,075	766,596,075
Earnings per share	1.42	0.87



(Amounts in thousand)

		Unaudited	
		Quarter ended March 31,	
		2025	2024
		Rupees	
<b>10.</b>	<b>CASH GENERATED FROM OPERATIONS</b>		
	Profit before taxation	1,817,264	1,105,675
	Adjustment for non-cash charges and other items:		
	- Depreciation on property, plant and equipment	407,098	400,519
	- Depreciation on right-of-use asset	149,443	117,829
	- Reversal of provision for impairment of operating assets - net	(10,339)	(2,361)
	- Amortization of intangibles	3,242	4,589
	- Loss / (gain) on death / disposal of biological assets	32,926	(9,150)
	- Gain on disposal of operating assets	(24,027)	(21,725)
	- Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	(231,714)	(174,249)
	- Reversal of provision for culling of biological assets	(29,071)	-
	- Provision for retirement and other service benefits	25,773	25,131
	- Provision / (Reversal of provision) for impairment of stock-in-trade	285,300	(51,905)
	- Provision for slow moving spares - net	16,699	14,588
	- Provision / (reversal of provision) for impairment of trade debts	5,160	(392)
	- Exchange (gain) / loss	(262)	5,834
	- Interest income	(23,553)	(29,101)
	- Finance cost on short term and long term finances including bank charges	354,024	823,172
	- Finance cost on lease liability against right-of-use assets	50,911	41,824
	Working capital changes (note 10.1)	(2,438,119)	(5,104,751)
		<u>390,755</u>	<u>(2,854,473)</u>
<b>10.1</b>	<b>Working capital changes</b>		
	(Increase) / Decrease in current assets		
	- Stores, spares and loose tools	(147,846)	(216,179)
	- Stock-in-trade	(5,505,643)	(6,089,624)
	- Trade debts	(774,212)	(1,629,749)
	- Advances, deposits and prepayments	(51,060)	(171,809)
	- Other receivables	(409,554)	(55,461)
	- Sales tax recoverable	1,609,984	(452,264)
		<u>(5,278,331)</u>	<u>(8,615,086)</u>
	Increase / (Decrease) in current liabilities		
	- Trade and other payables	2,153,376	2,457,285
	- Supplier financing - unfunded	1,324,092	2,250,131
	- Contract liabilities	(637,256)	(1,197,081)
		<u>2,840,212</u>	<u>3,510,335</u>
		<u>(2,438,119)</u>	<u>(5,104,751)</u>
<b>11.</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and bank balances	2,084,776	710,734
	Short term finances	(6,800)	(2,297,611)
	Restricted cash under lien	(90,000)	-
		<u>1,987,976</u>	<u>(1,586,877)</u>

(Amounts in thousand)

## **12. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

### **12.1 Financial risk factors**

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

There have been no changes in the risk management policies during the period, consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

### **12.2 Fair value of financial assets and liabilities**

The carrying value of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values.

## **13. FAIR VALUE MEASUREMENT**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### **Fair value hierarchy**

As per the requirements of IFRS 13 "Fair Value Measurement", the Company shall classify fair value instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices within level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

As at March 31, 2025 and December 31, 2024, the Company did not have any financial instruments which were measured at fair values.

The Company has a number of financial instruments which are not measured at fair value in the statement of financial position. These include bank balances, loans to employees, trade debts, markup receivable and payable and long-term finances. For the majority of these instruments, the fair values are considered not to be materially different from their respective carrying amounts since the instruments are either short-term in nature or are periodically repriced.



(Amounts in thousand)

#### 14. TRANSACTIONS WITH RELATED PARTIES

- 14.1 Transactions with related parties, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

		Unaudited	
		Quarter ended March 31,	
		2025	2024
		----- Rupees -----	
Nature of relationship	Nature of transactions		
Associated companies / undertakings	Arrangement for sharing of premises, utilities, personnel and assets	7,076	7,526
	Fee for technical assistance	575,103	567,341
	Reimbursement of expenses received / receivable from the company	31,540	31,360
	Reimbursement of expense paid / payable on behalf of the Company	4,989	461
	Purchases of goods and services	93,863	26,275
	Sale of goods	514,251	808,807
Contribution for staff retirement funds	Managed and operated by Engro Corporation Limited		
	- Gratuity funds	19,635	11,652
	- Provident fund	121,110	117,780
Key management personnel including the Chief Executive	Managerial remuneration	77,164	75,947
	Contribution for staff retirement benefits	9,645	9,560
Other Directors	Fee	1,117	1,118

- 14.2 There are no transactions with key management personnel other than under the terms of the employment.

#### 15. SEGMENT INFORMATION

- 15.1 The basis of segmentation and reportable segments presented in these condensed interim financial statements is the same which was disclosed in financial statements for the year ended December 31, 2024.

Unallocated assets include long and short term advances, deposits and prepayments, taxes recoverable and cash and bank balances.

Liabilities are not segment-wise reported to the Board of Directors. All the unallocated results and assets are reported to the Board of Directors at entity level. Inter-segment sales of processed milk and powder are made by Dairy based products to frozen desserts, at market value.

- 15.2 Information regarding the Company's operating segments is as follows:

	Unaudited			Unaudited		
	Quarter ended March 31, 2025			Quarter ended March 31, 2024		
	Dairy based products	Frozen desserts	Total	Dairy based products	Frozen desserts	Total
-----Rupees-----						
Results for the period						
Net sales	23,787,385	2,462,929	26,250,314	26,529,712	1,359,209	27,888,921
Inter-segment sales	(234,800)	-	(234,800)	(425,320)	-	(425,320)
	<u>23,552,585</u>	<u>2,462,929</u>	<u>26,015,514</u>	<u>26,104,392</u>	<u>1,359,209</u>	<u>27,463,601</u>
Net Profit / (Loss) after tax	<u>1,012,656</u>	<u>72,122</u>	<u>1,084,778</u>	<u>889,644</u>	<u>(224,871)</u>	<u>664,773</u>

(Amounts in thousand)

	Unaudited Quarter ended March 31, 2025			Audited December 31, 2024		
	-----Rupees-----					
Assets						
- Segment assets	30,507,329	5,576,273	36,083,602	25,626,605	3,911,104	29,537,709
- Un-allocated assets	-	-	9,564,288	-	-	12,137,562
	30,507,329	5,576,273	45,647,890	25,626,605	3,911,104	41,675,271

## 16. SEASONALITY

The Company's 'Frozen desserts' and 'Dairy based products' businesses are subject to seasonal fluctuation, with demand of these products increasing in summer. The Company's Dairy business is also subject to seasonal fluctuation due to lean and flush cycles of milk collection. Therefore, revenues and profits for the quarter ended March 31, 2025 are not necessarily indicative of result to be expected for the full year.

## 17. CORRESPONDING FIGURES

17.1 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual financial statements of preceding financial year and condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the transactions of comparable period of immediately preceding financial year.

17.2 Corresponding figures have been reclassified wherever considered necessary, for better presentation. Following reclassification has been made within the statement of profit or loss, considering more appropriate reflection in the financial statements:

Financial statements line item for the period ended march 31, 2024	Rupees	Financial statements line item for the period ended march 31, 2025
Other income	225,622	Cost of sales

The aforementioned reclassification is in respect of expenditure related to feed cost incurred on the immature biological assets.

## 18. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on April 21, 2025 by the Board of Directors of the Company.



Chairman



Chief Executive Officer



Chief Financial Officer



## ڈائریکٹرز کی رپورٹ

فریزلینڈ کمپنا اینگرو پاکستان لمیٹڈ کے ڈائریکٹرز (جو کہ فریزلینڈ کمپنا پاکستان ہولڈنگز بی وی کی اکثریتی ملکیت والی ذیلی کمپنی ہے) کمپنی کی 31 مارچ 2025 کو ختم ہونے والی پہلی سہ ماہی کے لیے مختصر مالی معلومات کے ساتھ یہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

## کاروباری کارکردگی کا جائزہ

سال 2025 کی پہلی سہ ماہی کے دوران کمپنی نے یو ایچ ٹی دودھ پر یکم جولائی 2024 سے سیلز ٹیکس کے نفاذ کے بعد بھی مشکل کاروباری حالات میں کام جاری رکھا۔ کھلے دودھ کے مقابلے میں مساوی میدان عمل کی عدم موجودگی محفوظ پیک شدہ دودھ کی فروخت کو متاثر کر رہی ہے، جس سے صارفین کی ترجیح غیر محفوظ کھلے دودھ کی طرف منتقل ہو رہی ہے۔ اس کے نتیجے میں خالص فروخت میں 5.3 فیصد کمی ہوئی جو کم ہو کر 26.0 ارب روپے رہی (27.5 ارب روپے: Q1 2024)۔ تاہم، بعد از ٹیکس منافع میں 420 ملین روپے کا اضافہ دیکھنے میں آیا جو کہ بنیادی طور پر ورکنگ کپیٹل کی بہتری اور شرح سود میں کمی کے باعث فنانس لاگت میں کمی کی بدولت ممکن ہوا۔

کمپنی نے کم فروخت کے باوجود لاگت میں بچت، آپریشنل کارکردگی اور غیر ضروری اخراجات پر قابو رکھنے پر توجہ مرکوز رکھی، جس سے خود کفیل کاروباری ماڈل کو برقرار رکھا گیا اور کھلے دودھ سے محفوظ دودھ کی طرف منتقلی کا مشن جاری رکھا گیا۔

## ڈیری مصنوعات کا شعبہ

ڈیری مصنوعات کے شعبے سے حاصل کردہ آمدنی 23.7 ارب روپے رہی، جو گزشتہ سال کے اسی عرصے کے مقابلے میں 9.1 فیصد کمی کو ظاہر کرتی ہے۔ اس کی بنیادی وجہ یو ایچ ٹی دودھ پر سیلز ٹیکس کے اثرات ہیں۔

## منجمد ڈیزرٹس کا شعبہ

منجمد ڈیزرٹس کے شعبے نے 2.28 ارب روپے کی آمدنی ریکارڈ کی، جو گزشتہ سال کے اسی عرصے کے مقابلے میں 67.7 فیصد کا نمایاں اضافہ ہے (1.36 ارب روپے: Q1 2024)۔ اس کارکردگی کو سہ ماہی میں عید کی موجودگی اور گزشتہ سال کی رفتار نے سہارا دیا۔

## مالی کارکردگی

31 مارچ 2025 کو ختم ہونے والے تین ماہ کی مالی کارکردگی کا خلاصہ درج ذیل ہے:

(Rs. in million)	Three months ended		Variation
	2025	2024	
Net Sales	26,016	27,464	-5.3%
Operating Profit	2,222	1,971	+12.8%
% of sales	8.54%	7.18%	+137 bps
Profit / (Loss) after tax	1,085	665	
% of sales	4.17%	2.42%	+175 bps
Earnings / (Loss) per share (Rs.)	1.42	0.87	

## مستقبل کا منظر نامہ

یو ایچ ٹی دودھ پر سیلز ٹیکس کا نفاذ، فارمل ڈیری سیکٹر کے لیے ایک چیلنج ہے جس سے صارفین کی استطاعت متاثر ہو رہی ہے اور شعبے کی ترقی میں رکاوٹ پیش آ رہی ہے۔ تاہم، کمپنی متعلقہ فریقین سے مسلسل رابطے میں ہے تاکہ عالمی معیار سے ہم آہنگ ٹیکس اصلاحات کی وکالت کی جا سکے اور کھلے دودھ کے ساتھ منصفانہ مسابقت کو یقینی بنایا جا سکے۔

فریزلینڈ کمپنی کے عالمی تجربے اور 150 سالہ ڈیری ورثے کی بنیاد پر، کمپنی معیار، حفاظت اور پائیداری کے اپنے عزم پر قائم ہے۔ ہم روزانہ لاکھوں پاکستانیوں کو محفوظ، غذائیت بخش اور سستی ڈیری مصنوعات فراہم کرتے رہیں گے اور محبت و ذمہ داری کے ساتھ قوم کی غذائی ضروریات پوری کرتے رہیں گے۔



سید کاشان حسن

چیف ایگزیکٹو آفیسر



عبدالصمد داؤد

چیرمین