



FrieslandCampina 
Engro Pakistan Limited



NOURISHING TOMORROW
ONE DREAM AT A TIME

Half Year Ended June
2025

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COMPANY INFORMATION

Board of Directors

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

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
Bank Makramah Limited
United Bank Limited
The Bank of Punjab
JS Bank Limited

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) 34380104-5, 34384621-3
Fax: +92(21) 34380106

Registered Office

5th Floor, The Harbor Front Building
HC-3, Marine Drive, Block – 4, Clifton
Karachi – 75600, Pakistan.
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Website: www.frieslandcampina.com.pk



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(Formerly Engro Foods Limited)**

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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 half year ended 30th June 2025.

BUSINESS PERFORMANCE OVERVIEW

The closure of the first half of 2025 marks the completion of one year since implementation of Sales Tax on UHT Milk. During this period the packaged milk category has declined significantly and consequently our revenue is lower by 4.6% in the first half (PKR 52.5 billion vs PKR 55 billion SPLY). The company's financial performance improved on the back of better mix and cost optimization. Best in class market execution has driven market share gains. These actions resulted in gross margins and operating profit improvement of 143 bps by 174 bps respectively.

DAIRY-BASED PRODUCTS SEGMENT

Revenue from the Dairy-Based Products segment stood at **PKR 45.2 billion**, representing a **7.4% decline** compared to the same period last year. This was primarily attributable to the impact of sales tax on UHT milk.

FROZEN DESSERTS SEGMENT

Building on strong brand equity from the previous year and sustained consumer excitement around Eid, the Frozen Desserts segment achieved robust value growth of 17.7% from SPLY, translating into revenue of PKR 7.24 billion in 2025, compared to PKR 6.16 billion in the prior year.

FINANCIAL PERFORMANCE

The financial performance of the company for the half year ending June 30, 2025, is summarized below:

(Rs. in million)	Half Year ended		Variation
	2025	2024	
Net Sales	52,487	55,024	-4.6%
Operating Profit	4,734	4,003	+18.3%
<i>% of sales</i>	9.02%	7.28%	+174 bps
Profit / (Loss) after tax	1,317	1,253	
<i>% of sales</i>	2.51%	2.28%	+23 bps
Earnings / (Loss) per share (Rs.)	1.72	1.63	

Dairy Development Program

Through its Dairy Development Program (DDP), the company actively promotes gender equality and social stability, impacting not only the present but also future generations. Under this umbrella in the first half of the year, the company successfully trained approximately 22,000 farmers in best dairy practices, covering areas such as animal health, nutrition, and farm management. Also, as part of this commitment, over 200 additional female farmers were trained during the year, bringing the total number of farmers trained to date to more than 35,000.

Export Market Development and Import Substitution

The company has continued to expand its global footprint by adding Central Asian countries to its export portfolio. In parallel, it is further localizing material sourcing to reduce import dependency and mitigate foreign exchange pressures. Together, these efforts not only support the company's long-term growth but also contribute towards strengthening the country's external account.

FUTURE OUTLOOK

Packaged milk continues to be subject to sales tax at 18%, which is unprecedented worldwide. This uneven playing field is an obstacle for conversion from unsafe loose milk to safe and nutritious packaged milk. We continue to engage with relevant stakeholders to provide a more equitable environment for the formal Dairy Industry.

Leveraging FrieslandCampina's global expertise and over 150 years of dairy excellence, FCEPL remains firmly committed to delivering quality, safety, and sustainability. We take immense pride in our network of farmers, who form the backbone of our supply chain.



Abdul Samad Dawood
Chairman



Kashan Hasan
Chief Executive Officer



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of FrieslandCampina Engro Pakistan Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of FrieslandCampina Engro Pakistan Limited as at June 30, 2025 and the related 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, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed 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 condensed 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 condensed 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 condensed 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 condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended June 30, 2025 have not been reviewed by us.

The engagement partner on the audit resulting in this independent auditor's report is Waqas Aftab Sheikh.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: August 29, 2025

UDIN: RR202510069vuf06h1Am

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2025

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025
(Amounts in thousand)

	Note	Unaudited June 30, 2025	Audited December 31, 2024
-----Rupees-----			
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	11,776,269	12,407,339
Biological assets		3,428,511	3,380,848
Intangible assets		44,762	51,246
Right-of-use assets		1,813,868	1,667,486
Deferred tax asset - net	5	373,883	715,639
Long term advances and deposits		355,937	314,269
		<u>17,793,230</u>	<u>18,536,827</u>
Current Assets			
Stores, spares and loose tools	6	1,175,370	962,255
Stock-in-trade	7	14,474,164	9,361,738
Trade debts		1,704,123	1,368,890
Advances, deposits and prepayments		889,884	665,091
Accrued mark-up / interest		34,799	34,364
Other receivables		1,063,019	922,853
Sales tax recoverable - net		3,170,113	5,056,428
Taxes recoverable		1,065,869	1,956,081
Short-term investments		90,000	65,000
Cash and bank balances		1,391,609	2,745,744
		<u>25,058,950</u>	<u>23,138,444</u>
TOTAL ASSETS		<u><u>42,852,180</u></u>	<u><u>41,675,271</u></u>
EQUITY AND LIABILITIES			
Equity			
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		7,314,809	8,144,426
		<u>15,628,227</u>	<u>16,457,844</u>
Non-Current Liabilities			
Long term:			
- finances		318,000	318,000
- lease liabilities against right-of-use assets		930,761	870,594
		<u>1,248,761</u>	<u>1,188,594</u>
Current Liabilities			
Current portion of lease liabilities against right-of-use assets		541,012	593,823
Trade and other payables	8	15,611,508	11,857,311
Contract liabilities		459,969	936,579
Unclaimed dividend		8,802	6,668
Accrued interest / mark-up on:			
- long term finances		19,255	9,793
- short term finances		254,932	475,471
Supplier financing - unfunded		8,013,664	9,838,888
Short term finances	9	1,066,050	310,300
		<u>25,975,192</u>	<u>24,028,833</u>
		<u>27,223,953</u>	<u>25,217,427</u>
Contingencies and Commitments	10		
TOTAL EQUITY AND LIABILITIES		<u><u>42,852,180</u></u>	<u><u>41,675,271</u></u>

The annexed notes 1 to 21 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 HALF YEAR ENDED JUNE 30, 2025

[Amounts in thousand except for earnings per share]

	Note	Quarter ended June 30,		Half year ended June 30,	
		2025	2024	2025	2024
		-----Rupees-----		-----Rupees-----	
Revenue from contracts with customers - net		26,471,414	27,560,144	52,486,928	55,023,745
Cost of sales		(21,437,302)	(22,722,448)	(42,704,677)	(45,554,485)
Gross profit		5,034,112	4,837,696	9,782,251	9,469,260
Distribution and marketing expenses		(1,926,087)	(2,354,612)	(3,801,533)	(4,522,412)
Administrative expenses		(508,633)	(469,625)	(1,035,768)	(897,259)
Other operating expenses		(142,095)	(119,212)	(375,936)	(223,617)
Other income		54,935	138,522	165,417	177,468
Operating profit		2,512,232	2,032,769	4,734,431	4,003,440
Finance costs		(396,558)	(1,063,674)	(801,493)	(1,928,670)
Profit before taxation		2,115,674	969,095	3,932,938	2,074,770
Taxation	11	(1,883,600)	(381,148)	(2,616,086)	(822,050)
Profit for the period		232,074	587,947	1,316,852	1,252,720
Earnings per share - basic and dilute	12	0.30	0.77	1.72	1.63

The annexed notes 1 to 21 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 HALF YEAR ENDED JUNE 30, 2025

(Amounts in thousand)

	Quarter ended June 30,		Half year ended June 30,	
	2025	2024	2025	2024
	----- Rupees -----		----- Rupees -----	
Profit for the period	232,074	587,947	1,316,852	1,252,720
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	232,074	587,947	1,316,852	1,252,720

The annexed notes 1 to 21 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 HALF YEAR ENDED JUNE 30, 2025

(Amounts in thousand)

	SHARE CAPITAL	CAPITAL	RESERVES		
		Share premium	REVENUE		
			Remeasurement of post employment benefits	Unappropriate d profit	TOTAL
	-----Rupees-----				
Balance as at January 1, 2024 (Audited)	7,665,961	865,354	(296,593)	5,941,298	14,176,020
Profit for the period	-	-	-	1,252,720	1,252,720
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,252,720	1,252,720
Balance as at June 30, 2024 (Unaudited)	7,665,961	865,354	(296,593)	7,194,018	15,428,740
Balance as at January 1, 2025 (Audited)	7,665,961	865,354	(217,897)	8,144,426	16,457,844
Transaction with owners:					
- Final dividend for the year ended December 31, 2024 @ Rs. 2.8 per share	-	-	-	(2,146,469)	(2,146,469)
Profit for the period	-	-	-	1,316,852	1,316,852
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,316,852	1,316,852
Balance as at June 30, 2025 (Unaudited)	7,665,961	865,354	(217,897)	7,314,809	15,628,227

The annexed notes 1 to 21 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 HALF YEAR ENDED JUNE 30, 2025

(Amounts in thousand)

FOR THE HALF YEAR ENDED JUNE 30, 2023

(Amounts in thousand)	Note	Half year ended June 30,	
		2025	2024
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (utilized in) operations	13	2,840,105	(4,399,157)
Finance costs paid		(916,892)	(1,675,768)
Taxes paid		(1,384,118)	(643,238)
Contribution to defined benefit gratuity fund		(38,195)	(45,300)
Long term advances and deposits - net		(41,668)	(48,382)
Net cash generated from / (utilized in) operating activities		459,232	(6,811,845)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of :			
- property, plant and equipment		(197,952)	(1,087,591)
- intangible assets		-	(564)
- short term investment		(25,000)	-
Proceeds from disposal of:			
- property, plant and equipment		63,535	78,380
- biological assets		220,753	180,358
Interest income received		49,699	45,343
Net cash generated from / (utilized in) investing activities		111,035	(784,074)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(2,144,335)	(53)
Proceeds from / (repayment of) short term finance - net		49,611	(121,259)
Proceeds from long term finances		-	230,000
Repayment of long term finances		-	(250,000)
Repayment of lease liabilities against right-of-use assets		(535,817)	(311,922)
Net cash utilized in financing activities		(2,630,541)	(453,234)
Net decrease in cash and cash equivalents		(2,060,274)	(8,049,153)
Cash and cash equivalents at beginning of the period		2,391,618	3,078,478
Cash and cash equivalents at end of the period	14	331,344	(4,970,675)

The annexed notes 1 to 21 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 HALF YEAR ENDED JUNE 30, 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). The registered office of the Company 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 applicable on the Company 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 The cumulative figures as at and for the period ended June 30, 2025 presented in these condensed interim financial statements have been subjected to limited review by the auditors as required under section 237 of the Act. 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 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 above requirements 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 of the Company 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.

4.

(Amounts in thousand)

3.2 Initial application of a standard, amendment or an interpretation to an existing standard

a) Amendments to approved accounting and reporting standards and interpretations that are effective during the period

There were certain amendments that became applicable for the Company effective January 1, 2025, however, these are not considered to be relevant or to have any significant effect on the Company's financial reporting and operations and therefore have not been disclosed in these condensed interim financial statements.

b) Standards and amendments to approved accounting and reporting standards that are not yet effective and have not been early adopted by the Company

There are certain new standards and amendments to the accounting and reporting standards that are not yet effective and are not considered to be relevant or to have any significant effect on the Company's financial reporting and operations in the period of initial application, except for those as disclosed in note 2.1.5(b) of the annual financial statements of the Company for the year ended December 31, 2024.

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets at net book value
(notes 4.1 & 4.2)
Capital work-in-progress (note 4.3)
Major spare parts and stand-by equipment

Unaudited June 30, 2025	Audited December 31, 2024
----- Rupees -----	
9,815,221	9,940,990
1,129,004	1,639,044
832,044	827,305
<u>11,776,269</u>	<u>12,407,339</u>
Unaudited Half year ended June 30, 2025	2024
----- Rupees -----	

4.1 Following transfers from capital work-in-progress, were made to operating assets during the period:

Buildings on freehold land
Plant, machinery and related equipment
Computer equipment
Office equipment and furniture & fittings
Vehicles

84,043	79,410
555,802	1,442,318
-	23,830
44,901	25,273
23,246	156,862
<u>707,992</u>	<u>1,727,693</u>

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

	Cost	Accumulated depreciation / impairment	Net book value	Sales proceeds
	----- Rupees -----			
Plant, machinery and related equipment	160,294	(150,606)	9,688	40,601
Computer equipment	7,136	(6,879)	257	1,304
Office equipment	1,040	(988)	52	328
Vehicles	53,633	(46,507)	7,126	21,302
June 30, 2025 (Unaudited)	<u>222,103</u>	<u>(204,980)</u>	<u>17,123</u>	<u>63,535</u>
June 30, 2024 (Unaudited)	<u>197,779</u>	<u>(171,323)</u>	<u>26,456</u>	<u>78,380</u>



(Amounts in thousand)

		Unaudited Half year ended June 30, 2025		2024	
		----- Rupees -----			
4.3	Following additions were made to capital work-in-progress during the period:				
	Buildings on freehold land	30,681		85,516	
	Plant, machinery and related equipment	85,224		825,597	
	Office equipment, furniture & fittings and computer equipment	58,802		19,616	
	Vehicles	23,245		156,862	
	Intangibles - IS and milk automation projects	-		564	
		<u>197,952</u>		<u>1,088,155</u>	
4.4	Operating assets amounting to Rs. 13,509 (June 30, 2024: Rs. 8,997) has been written-off against provision for impairment during the period.				

		Unaudited June 30, 2025		Audited December 31, 2024	
		----- Rupees -----			

5. DEFERRED TAX ASSET - NET

Debit balances arising due to:

- Provisions for stock-in-trade, stores and spares and receivables	(457,907)	(311,433)
- Accelerated tax depreciation / amortization	(1,108,210)	(817,249)
- Minimum turnover tax	(279,018)	(985,400)
- Share issuance cost, net to equity	(15,108)	(15,108)
- Lease liability against right-of-use assets	(573,991)	(571,123)
	<u>(2,434,234)</u>	<u>(2,700,313)</u>

Credit balances arising due to:

- Right-of-use assets	707,409	650,320
- Biological assets	1,337,118	1,318,530
- Others	15,824	15,824
	<u>2,060,351</u>	<u>1,984,674</u>
	<u>(373,883)</u>	<u>(715,639)</u>

- 5.1 The Company has recognized deferred tax asset on recoupable minimum turnover tax as the Company, based on its financial projections, expects to recoup it in the ensuing years. The Company carries out periodic assessments to determine if the Company would be able to recoup minimum turnover tax paid against the tax liability for future years. This process relies on the assessment of the Company's profitability forecast and tax planning strategies, which in turn is based on assumptions concerning future economic conditions and business performance.

6. STORES, SPARES AND LOOSE TOOLS

These are net of provision against expired / obsolete stores and spares amounting to Rs. 556,211 (December 31, 2024: Rs. 506,616).

(Amounts in thousand)

	Unaudited June 30, 2025	Audited December 31, 2024
	----- Rupees -----	
7. STOCK-IN-TRADE		
Raw and packaging material (note 7.1)	4,534,853	4,949,215
Work in process	7,978,282	1,772,837
Finished goods (note 7.1)	2,575,167	2,889,541
	<u>15,088,302</u>	<u>9,611,593</u>
Less: Provision for expired / obsolete stock (note 7.2)	<u>(614,138)</u>	<u>(249,855)</u>
	<u>14,474,164</u>	<u>9,361,738</u>

7.1 Stock amounting to Rs. 24,360 (June 30, 2024: Rs. 30,375) has been written-off against provision during the period.

7.2 This includes provision in respect of net realizable value amounting to Rs. 468,363 (December 31, 2024: Rs. 81,558).

	Unaudited June 30, 2025	Audited December 31, 2024
	----- Rupees -----	
8. TRADE AND OTHER PAYABLES		
Trade payables	7,823,561	6,823,878
Accrued liabilities	5,689,737	4,372,678
Provisions (note 8.1)	983,983	-
Retention money	1,936	1,204
Withholding tax payable	108,058	83,435
Payable to:		
- provident fund	46,485	-
- defined benefit gratuity fund	424,293	364,514
- defined contribution gratuity fund	7,753	-
Workers' profits participation fund	211,981	14,360
Workers' welfare fund	211,152	110,754
Others	102,569	86,488
	<u>15,611,508</u>	<u>11,857,311</u>

8.1 This represents provisions recognized during the period based on prudence and as a matter of abundant caution in respect of certain pending regulatory matters that are currently being contested by the Company.

	Unaudited June 30, 2025	Audited December 31, 2024
	----- Rupees -----	
9. SHORT TERM FINANCES - secured		
Export Running Finance (ERF) Loan (notes 9.1 & 9.2)	95,785	46,174
Running Finance Facilities (note 9.2)	970,265	264,126
	<u>1,066,050</u>	<u>310,300</u>

9.1 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 5.30% per annum.

(Amounts in thousand)

- 9.2 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 June 30, 2025 was Rs.10,993,950 (December 31, 2024: Rs. 11,689,700). The rates of mark-up on these finances other than ERF are KIBOR based and range from 11.33% 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.
- 9.3 The facilities for opening letters of credit and bank guarantees as at June 30, 2025 amount to Rs. 26,850,000 (December 31, 2024: Rs. 26,500,000), of which the amount remaining unutilized as at June 30, 2025 was Rs.16,207,389 (December 31, 2024: Rs. 14,678,365).

10. CONTINGENCIES AND COMMITMENTS

There are no significant changes in the status of the matters disclosed in notes 14, 25 and 33.2 of the financial statements of the Company for the year ended December 31, 2024, except for the following:

- Commitments in respect of capital expenditure contracted for but not incurred as at June 30, 2025 amounts to Rs. 1,399,981 (December 31, 2024: Rs. 595,425).
- Commitments in respect of purchase of certain commodities as at June 30, 2025 amounts to Rs. 1,284,482 (December 31, 2024: Rs. 1,738,422).
- The Deputy Commissioner Inland Revenue (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, however, based on prudence and as an abundant caution carries a provision in this respect.
- 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 Sindh High Court (SHC). SHC vide interim order dated April 03, 2024 had directed SRB not to 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 that sales tax has not been charged on disposal of fixed assets thereby creating a demand of Rs. 6,400. Subsequently, on June 25, 2025, the Commissioner Inland Revenue (Appeals) [(CIR A)] issued an order and remanded back proceedings to the DCIR. No remand back proceedings have been initiated by DCIR to date. 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 (the Department) issued various orders alleging that the Company has mis-declared 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 the Collector of Customs (Appeal) [CC(A)]. The CC(A) had decided majority of the appeals and set aside the orders of the Department with the direction to refer the cases to the Classification Committee (CC) and decide the same according to the findings of the CC. Moreover, the Company and the Department have also filed appeals with the Customs Appellate Tribunal (CAT) against the orders issued by the CC(A), which are pending adjudication.

Further, during the period, CC(A) has also decided few more appeals against the Company. The Company, having considered the relevant provisions, being aggrieved of CC(A)'s orders, has filed appeals before Customs Appellate Tribunal (CAT), which have been decided against the Company. The Company thereagainst filed an appeal against the CAT's decisions before the SHC. During the period, SHC disposed some of the appeals by referring the matter to the CC.

Subsequent to the period end, the CC has issued notices, however, no hearing has been conducted as yet.

(Amounts in thousand)

11. TAXATION

This includes prior-year tax charge recognized following the judgement issued by the Supreme Court of Pakistan in May 2025. While the Company has assessed the financial impact based on available information, certain details relating to this matter are considered sensitive due to the pending assessments and their consequential impact. The Company continues to monitor developments and will provide updates as necessary.

12. EARNINGS PER SHARE - Basic and diluted

	Quarter ended June 30,		Half year ended June 30,	
	2025	2024	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	232,074	587,947	1,316,852	1,252,720
	----- Number of shares -----			
Weighted average number of ordinary shares	766,596,075	766,596,075	766,596,075	766,596,075
Earnings per share	0.30	0.77	1.72	1.63

Unaudited	
Half year ended June 30,	
2025	2024
Rupees	

13. CASH GENERATED FROM OPERATIONS

Profit before taxation	3,932,938	2,074,770
Adjustment for non-cash charges and other items:		
- Depreciation on operating assets	827,229	841,160
- Depreciation on right-of-use assets	301,113	236,215
- Reversal of provision for impairment of operating assets - net	(10,591)	(2,362)
- Amortization of intangible assets	6,484	8,409
- Loss on death / disposal of biological assets	6,337	10,788
- Gain on disposal of operating assets	(46,412)	(51,924)
- Gain arising from changes in fair value less estimated point-of-sale cost of biological assets	(274,753)	(463,279)
- Provision for retirement and other service benefits	86,418	57,489
- Provision for expired / obsolete stock-in-trade	354,933	60,034
- Provision for slow moving spares	49,595	63,376
- Provision / (Reversal of provision) for impairment of trade debts	4,388	(2,597)
- Exchange (gain) / loss	(18,856)	33,846
- Interest income	(50,134)	(37,475)
- Finance cost on short term and long term finances including bank charges	705,815	1,848,578
- Finance cost on lease liabilities against right-of-use assets	95,678	80,092
Working capital changes (note 13.1)	(3,130,077)	(9,156,277)
	2,840,105	(4,399,157)

(Amounts in thousand)

		Unaudited	
		Half year ended June 30,	
		2025	2024
		Rupees	
13.1 Working capital changes			
(Increase) / Decrease in current assets			
- Stores, spares and loose tools	(267,449)	(339,708)	
- Stock-in-trade	(5,467,359)	(6,296,122)	
- Trade debts	(339,621)	(890,635)	
- Advances, deposits and prepayments	(224,793)	(865,770)	
- Other receivables	(140,166)	114,550	
- Sales tax recoverable	1,886,315	(123,204)	
	(4,553,073)	(8,400,889)	
Increase / (Decrease) in current liabilities			
- Trade and other payables	3,724,830	343,276	
- Supplier financing - unfunded	(1,825,224)	(179,209)	
- Contract liabilities	(476,610)	(919,455)	
	1,422,996	(755,388)	
	(3,130,077)	(9,156,277)	
14. CASH AND CASH EQUIVALENTS			
Cash and bank balances	1,391,609	699,309	
Short term investments	-	20,000	
Short term finances	(970,265)	(5,689,984)	
Restricted cash under lien	(90,000)	-	
	331,344	(4,970,675)	

15. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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 and should be read in conjunction with the annual financial statements for the year ended December 31, 2024.

16. FAIR VALUE MEASUREMENT

16.1 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.

The Company classifies 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 that the entity can access at the measurement date;
- 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 June 30, 2025 and December 31, 2024, the Company did not have any financial instruments which were measured at fair values.

(Amounts in thousand)

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, deposits, loans to employees, trade debts, markup receivable and payable, short-term and long-term finances and trade and other payables. 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.

- 16.2 The Company's biological assets are carried at fair value less estimated point-of-sale cost determined using level 2 inputs. There were no changes in valuation techniques during the period.

17. TRANSACTIONS WITH RELATED PARTIES

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

		Unaudited	
		Half year ended June 30, 2025	2024
		----- Rupees -----	
Nature of relationship	Nature of transactions		
Holding company	Dividend paid	1,094,699	-
Associated companies / undertakings	Arrangement for sharing of premises, utilities, personnel and assets	11,560	13,294
	Fee for technical assistance	1,141,627	1,172,785
	Dividend paid	857,085	-
	Reimbursement of expenses incurred by the Company	66,624	80,003
	Reimbursement of expenses paid on behalf of the Company	19,718	10,457
	Purchases of goods and services	275,471	49,966
	Sale of goods	834,274	1,512,035
	Donation	300	-
Contribution for staff retirement funds	Managed and operated by Engro Corporation Limited		
	- Gratuity funds	44,647	31,572
	- Provident fund	273,921	271,277
Key management personnel including the Chief Executive Officer	Managerial remuneration	171,815	172,072
	Contribution for staff retirement funds	20,852	22,257
	Bonus	106,017	81,603
Directors	Fee	3,090	2,789

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

18. SEGMENT INFORMATION

- 18.1 The basis of segmentation and reportable segments presented in these condensed interim financial statements is the same as disclosed in the financial statements of the Company 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.

(Amounts in thousand)

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 segment to frozen desserts segment, at market value.

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

	Unaudited			Unaudited		
	Half year ended June 30, 2025			Half year ended June 30, 2024		
	Dairy based products	Frozen desserts	Total	Dairy based products	Frozen desserts	Total
-----Rupees-----						
Results for the period						
Revenue from contracts with customers - net	45,705,361	7,241,767	52,947,128	49,488,240	6,155,045	55,643,285
Inter-segment revenue	(460,200)	-	(460,200)	(619,540)	-	(619,540)
	<u>45,245,161</u>	<u>7,241,767</u>	<u>52,486,928</u>	<u>48,868,700</u>	<u>6,155,045</u>	<u>55,023,745</u>
Profit for the period	<u>803,908</u>	<u>512,944</u>	<u>1,316,852</u>	<u>1,050,022</u>	<u>202,698</u>	<u>1,252,720</u>
-----Rupees-----						
	Unaudited			Audited		
	Half year ended June 30, 2025			December 31, 2024		
-----Rupees-----						
Assets						
- Segment assets	30,576,147	4,475,166	35,051,313	25,626,605	3,911,104	29,537,709
- Un-allocated assets	-	-	7,800,867	-	-	12,137,562
	<u>30,576,147</u>	<u>4,475,166</u>	<u>42,852,180</u>	<u>25,626,605</u>	<u>3,911,104</u>	<u>41,675,271</u>

19. 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 half year ended June 30, 2025 are not necessarily indicative of the results to be expected for the full year.

20. CORRESPONDING FIGURES

- 20.1 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 results of comparable period of immediately preceding financial year.
- 20.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.

21. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on August 13, 2025 by the Board of Directors of the Company.





Chairman



Chief Executive Officer



Chief Financial Officer



FrieslandCampina
Engro Pakistan Limited

FrieslandCampina Engro Pakistan Limited
(Formerly Engro Foods Limited)

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ڈائریکٹرز کی رپورٹ

فریز لینڈ کمپینا اینگرو پاکستان لمیٹڈ کے ڈائریکٹرز (جو کہ فریز لینڈ کمپینا پاکستان ہولڈنگز بی وی کی اکثریتی ملکیت والی ذیلی کمپنی ہے) کمپنی کی 30 جون 2025 کو ختم ہونے والی ششماہی کے لیے مختصر مالی معلومات کے ساتھ یہ رپورٹ پیش کرتے ہوئے خوش محسوس کرتے ہیں۔

کاروباری کارکردگی کا جائزہ

سال 2025 کے پہلے چھ ماہ کا اختتام پوانچٹی دودھ پر سیلز ٹیکس کے نفاذ کو ایک سال مکمل ہونے کو ظاہر کرتا ہے۔ اس عرصے کے دوران پیک شدہ دودھ کی کیسٹنگری میں نمایاں کمی دیکھنے میں آئی اور نتیجتاً ہماری آمدنی میں پہلی ششماہی کے دوران 4.6 فیصد کمی ہوئی (52.5 ارب روپے بمقابلہ 55 ارب روپے گزشتہ سال کی اسی مدت میں)۔ کمپنی کی مالی کارکردگی بہتر کس اور لاگت کی بچت کے باعث بہتر ہوئی۔ مارکیٹ میں بہترین کارکردگی نے مارکیٹ شیئر میں اضافہ کیا۔ ان اقدامات کے نتیجے میں مجموعی منافع کے مارجن اور آپریٹنگ منافع میں بالترتیب 143 اور 174 بیس پوائنٹس کا اضافہ ہوا۔

ڈیری مصنوعات کا شعبہ

ڈیری مصنوعات کے شعبے سے حاصل کردہ آمدنی 45.2 ارب روپے رہی، جو گزشتہ سال کی اسی مدت کے مقابلے میں 7.4 فیصد کمی کو ظاہر کرتی ہے۔ اس کمی کی بنیادی وجہ پوانچ ٹی دودھ پر سیلز ٹیکس کے اثرات ہیں۔

منجمد ڈیرس کا شعبہ

گزشتہ سال کے مضبوط برانڈ ایکویٹی اور عید کے دوران صارفین کی دلچسپی کے باعث، منجمد ڈیرس کے شعبے نے گزشتہ سال کی اسی مدت کے مقابلے میں 17.7 فیصد کمی نمایاں ترقی ریکارڈ کی۔ اس کی آمدنی 2025 میں 7.24 ارب روپے رہی جو 2024 میں 6.16 ارب روپے تھی۔

مالی کارکردگی

30 جون 2025 کو ختم ہونے والی ششماہی کی مالی کارکردگی کا خلاصہ درج ذیل ہے:

(Rs. in million)	Half Year ended		Variation
	2025	2024	
Net Sales	52,487	55,024	-4.6%
Operating Profit	4,734	4,003	+18.3%
% of sales	9.02%	7.28%	+174 bps
Profit / (Loss) after tax	1,317	1,253	
% of sales	2.51%	2.28%	+23 bps
Earnings / (Loss) per share (Rs.)	1.72	1.63	

ڈیری ڈویلپمنٹ پروگرام

اپنے ڈیری ڈویلپمنٹ پروگرام (DDP) کے ذریعے کمپنی فعال طور پر صنفی مساوات اور سماجی استحکام کو فروغ دیتی ہے جو نہ صرف حال بلکہ آنے والی نسلوں پر بھی مثبت اثر ڈال رہا ہے۔ اس پروگرام کے تحت سال کی پہلی ششماہی میں کمپنی نے کامیابی کے ساتھ تقریباً 22,000 کسانوں کو بہترین ڈیری طریقہ کار کی تربیت دی، جس میں جانوروں کی صحت، غذائیت اور فارمنگ مینجمنٹ جیسے شعبے شامل ہیں۔ اس عزم کے حصے کے طور پر سال کے دوران مزید 200 سے زائد خواتین کسانوں کو بھی تربیت دی گئی، جس سے اب تک تربیت یافتہ کسانوں کی کل تعداد 35,000 سے تجاوز کر گئی ہے۔

برآمدی منڈی کی ترقی اور درآمدی متبادل

کمپنی نے وسطی ایشیائی ممالک کو اپنی برآمدی فہرست میں شامل کر کے اپنے عالمی دائرہ کار کو مزید وسعت دی ہے۔ اسی کے ساتھ ساتھ یہ کمپنی خام مال کی مقامی فراہمی کو بڑھا رہی ہے تاکہ درآمدات پر انحصار کم ہو اور زر مبادلہ کے دباؤ کو کم کیا جاسکے۔ یہ تمام اقدامات نہ صرف کمپنی کی طویل مدتی ترقی میں معاون ہیں بلکہ ملک کے بیرونی کھاتے کو مضبوط بنانے میں بھی کردار ادا کرتے ہیں۔

مستقبل کا منظر نامہ

پیک شدہ دودھ پر اب بھی 18 فیصد سیلز ٹیکس لاگو ہے، جو دنیا بھر میں ایک غیر معمولی صورت حال ہے۔ یہ غیر مساوی میدان عمل کھلے غیر محفوظ دودھ سے محفوظ اور غذائیت بخش پیک شدہ دودھ کی طرف منتقلی میں ایک بڑی رکاوٹ ہے۔ کمپنی متعلقہ فریقین کے ساتھ رابطے میں ہے تاکہ فارمل ڈیری انڈسٹری کے لیے زیادہ منصفانہ ماحول فراہم کیا جاسکے۔

فریز لینڈ کمپینا کے 150 سالہ ڈیری ورثے اور عالمی مہارت سے فائدہ اٹھاتے ہوئے، کمپنی معیار، حفاظت اور پائیداری کی فراہمی کے اپنے عزم پر قائم ہے۔ ہم اپنے کسانوں کے نیٹ ورک پر بے حد فخر کرتے ہیں، جو ہماری سپلائی چین کی ریڑھ کی ہڈی ہیں۔



سید کاشان حسن
چیف ایگزیکٹو آفیسر



عبدالصمد داؤد
چیئر مین