



nourishing by nature

Half Year 2018



Contents

Company information	2
directors' report	3
auditors' report to the members on review of condensed interim financial information	5
condensed interim statement of financial position	6
condensed interim statement of profit or loss	7
condensed interim statement of profit or loss and other comprehensive income	8
condensed interim statement of changes in equity	9
condensed interim statement of cash flows	10
notes to the condensed interim financial statements	11
directors' report (Urdu version)	23

company information

Board of Directors

Abdul Samad Dawood (Chairman)
Ali Ahmed Khan (CEO)
Abrar Hasan
Eduardus Lambertus Holtzer
Petra Attje Zinkweg
Roeland Francois Van Neerbos
Zouhair Khaliq

Chief Financial Officer

Imran Husain

Company Secretary

Muneeza Iftikar

Members of Audit Committee

Abrar Hasan (Chairman)
Eduardus Lambertus Holtzer
Zouhair Khaliq

The secretary of committee is
Saleem Lallany, GM Internal Audit Department

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 Associates (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

Bankers

Conventional

Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
Bank Al-Habib Limited
Citibank N.A.
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
MCB Bank Limited
National Bank of Pakistan
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank Pakistan Limited
Summit Bank Limited
Tameer Micro Finance Bank Limited
The Bank of Punjab
United Bank Limited

Shariah Compliant

Al-Baraka Bank Pakistan Limited
Meezan Bank Limited
Bank Al-Habib Limited - Islamic Banking
Standard Chartered Bank Pakistan Limited - Saadiq

Registered Office

5th floor, The Harbor Front Building
HC-3, Marine Drive, Block-4, Clifton
Karachi - 75600, Pakistan.
Tel: +92(21) 35296000 (10 lines)
Fax: +92(21) 35295961-2
email: info@engrofoods.com
website: www.engrofoods.com

directors' report

On behalf of the Board of Directors of Engro Foods Limited (a majority owned subsidiary of FrieslandCampina Pakistan Holdings B.V.), we are pleased to submit the report and the condensed interim financial information of the Company for the half year ended June 30, 2018.

BUSINESS REVIEW

During the period, the Company reported a revenue of Rs. 15.3 billion vs Rs. 18.0 billion in the same period last year. Gross margin improved from 17% to 20% on the back of process excellence initiatives supported by FrieslandCampina's expertise and best practices. The price increases taken in the second half of last year also helped to increase the gross margins. A once off deferred tax income of Rs. 200 million was recorded as a result of reduction in tax rates for current and future years. Profit after Tax improved to Rs. 511 million vs Rs. 186 million in same period last year, as a result of above.

DAIRY AND BEVERAGES SEGMENT

The overall dairy UHT category continued to feel the pressure of regulatory challenges, created due to misalignment between federal and provincial food laws and tax changes. As a result, the overall category witnessed a decline in this period vs last year.

The Dairy and Beverages segment reported a revenue of Rs. 13.3 billion vs Rs. 16.1 billion in the same period last year.

During this period, the Company has re-launched both its iconic brands, supported by extensive 360 degree media and activation campaigns. Tarang was launched with an improved recipe delivering a creamier cup of tea, and a revamped packaging design that reinforces Tarang's credentials as the tea creaming expert of choice. The Olpers thematic campaign focused on "Happy Subha" theme, leveraging on our heritage of nourishing by nature, while scaling up cues of naturalness and purity through the "100% pure goodness" message. Our new packaging reinforces this theme, by scaling up of key visual elements and introduction of "our sourcing story".

The Company will continue to focus towards building brand equity and drive conversion from loose milk to fuel category growth, while employing other tactical measures to gain market share.

ICE CREAM AND FROZEN DESSERTS SEGMENT

The Ice cream and Frozen Desserts segment reported a revenue of Rs. 2.1 billion during the first half of the year with a growth of 6.3% vs same period last year. Key innovations during the period include Chocolate Choc Bar, French Praline Tub, Kick, Choc-O & Caramel Crunch Bulk pack. The business segment witnessed highest ever monthly sales in June, 2018 since its inception. The growth has also been supported by the timely deployment of freezers cabinets during first half.

DAIRY FARM SEGMENT

The Company's Dairy Farm continued to be a rich and nutritious source of raw material for our dairy segment. The segment reported a profit of Rs. 73 million in the first half of the year versus a profit of Rs. 50 million in the corresponding period last year. This was mainly on account of a revaluation gain on biological assets due to currency devaluation.

FINANCIAL PERFORMANCE

The financial performance of the company for the six months ended June 30, 2018 is summarized below:

(Rs. in million)	Half year ended June 30,		Variation
	2018	2017	
Net Sales	15,346	18,005	(15%)
Operating Profit	722	583	24%
% of sales	4.7%	3.2%	
Profit after tax	511	186	175%
% of sales	3.3%	1%	
Earnings per share (Rs.)	0.67	0.24	179%

FUTURE OUTLOOK

The Company will continue to actively work with regulatory authorities to remove misalignments between the Federal and Provincial food laws, while supporting the authorities to draft legislation on minimum pasteurization and rationalization of tax laws to create an even playing field for the processed dairy sector.

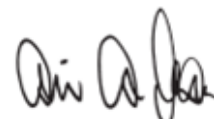
The Company will also work with the Pakistan Dairy Association (PDA) on various category development initiatives to educate the consumers on the potential health hazards of loose milk consumption and reinforce the positive characteristics of packaged milk.

Leveraging on FrieslandCampina's principle of "Nourishing by Nature", the Company will continue to provide trustworthy, healthy, safe, and value-added choices of dairy products.

Every day, millions of consumers enjoy our products throughout Pakistan, hence the Company remains committed to highest standards in field of food safety quality, sustainability and transparency throughout the entire production chain, i.e. "from grass to glass".



Abdul Samad Dawood
Chairman



Ali Ahmed Khan
Chief Executive

Karachi: August 3, 2018

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of Engro Foods Limited****Report on review of Interim Financial Statements****Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Engro Foods Limited as at June 30, 2018 and the related condensed interim statement of profit or loss, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of profit or loss and other comprehensive income for the quarters ended June 30, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2018.

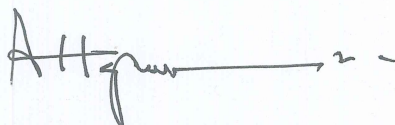
Scope of Review

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

Conclusion

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

The engagement partner on the review resulting in this independent auditor's report is Osama Kapadia.



**Chartered Accountants
Karachi
Date: August 17, 2018**

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>*

ENGRO FOODS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2018

(Amounts in thousand)

	Note	Unaudited June 30, 2018	Audited December 31, 2017
Rupees			
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	12,154,969	12,559,373
Biological assets		1,046,435	968,805
Intangibles		65,113	71,635
Long term advances and deposits		80,661	83,631
Deferred employee share option compensation expense	5	2,400	3,165
		<u>13,349,578</u>	<u>13,686,609</u>
Current Assets			
Stores, spares and loose tools	6	693,332	740,423
Stock-in-trade	7	5,756,186	2,645,994
Trade debts		242,020	170,639
Advances, deposits and prepayments		170,454	157,347
Other receivables		103,002	227,975
Sales tax recoverable		1,974,230	2,105,692
Taxes recoverable		2,710,079	2,391,766
Deferred employee share option compensation expense	5	11,411	23,417
Cash and bank balances	8	43,275	68,468
		<u>11,703,989</u>	<u>8,531,721</u>
TOTAL ASSETS		<u><u>25,053,567</u></u>	<u><u>22,218,330</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		7,665,961	7,665,961
Share premium		865,354	865,354
Employee share option compensation reserve	5	227,114	297,836
Remeasurement of post employment benefits - Actuarial loss		(80,643)	(80,643)
Unappropriated profit		1,177,174	972,516
		<u>9,854,960</u>	<u>9,721,024</u>
Non-Current Liabilities			
Long term finances		4,000,000	4,000,000
Liabilities against assets subject to finance lease	9	41,274	121,344
Deferred taxation		979,547	1,287,314
		<u>5,020,821</u>	<u>5,408,658</u>
Current Liabilities			
Current portion of:			
- long term finances		250,000	500,000
- liabilities against assets subject to finance lease	9	157,510	151,956
Trade and other payables	10	5,437,232	5,125,725
Unclaimed dividend		8,766	9,024
Accrued interest / mark-up on:			
- long term finances		63,468	63,853
- short term finances		79,017	33,889
Short term finances	11	4,181,793	1,204,201
		<u>10,177,786</u>	<u>7,088,648</u>
Contingencies and Commitments	12		
TOTAL EQUITY AND LIABILITIES		<u><u>25,053,567</u></u>	<u><u>22,218,330</u></u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive



Chief Financial Officer

ENGRO FOODS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

[Amounts in thousand except for earnings / (loss) per share]

	Note	Quarter ended June 30,		Half year ended June 30,	
		2018	2017	2018	2017
		Rupees		Rupees	
Net sales		8,201,994	9,327,608	15,346,020	18,004,707
Cost of sales		(6,585,011)	(7,876,055)	(12,210,999)	(14,879,230)
Gross profit		1,616,983	1,451,553	3,135,021	3,125,477
Distribution and marketing expenses		(1,374,007)	(1,267,222)	(2,250,847)	(2,251,364)
Administrative expenses		(228,086)	(176,817)	(419,531)	(407,751)
Other operating expenses		(9,229)	1,727	(47,600)	(30,684)
Other income		184,374	100,105	304,682	147,618
Operating profit		190,035	109,346	721,725	583,296
Finance costs		(176,132)	(165,542)	(308,600)	(221,857)
Profit / (loss) before taxation		13,903	(56,196)	413,125	361,439
Taxation		196,071	(89,029)	98,171	(175,845)
Profit / (loss) for the period		209,974	(145,225)	511,296	185,594
Earnings / (loss) per share - basic and diluted	13	0.27	(0.19)	0.67	0.24

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive



Chief Financial Officer

ENGRO FOODS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

(Amounts in thousand)

	Quarter ended June 30,		Half year June 30,	
	2018	2017	2018	2017
	Rupees		Rupees	
Profit / (loss) for the period	209,974	(145,225)	511,296	185,594
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>209,974</u>	<u>(145,225)</u>	<u>511,296</u>	<u>185,594</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive



Chief Financial Officer

ENGRO FOODS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

(Amounts in thousand)

	Share capital	RESERVES			Total	
		CAPITAL		REVENUE		
		Share premium	Employee share option compensation reserve	Remeasurement of post employment benefits - Actuarial loss Unappropriated profit		
Rupees						
Balance as at January 1, 2017 (Audited)	7,665,961	865,354	433,982	(73,958)	8,259,180	17,150,519
Employee share option scheme	-	-	(100,344)	-	-	(100,344)
Transaction with owners						
Final dividend for the year ended December 31, 2016	-	-	-	-	(7,665,961)	(7,665,961)
Profit for the half year ended June 30, 2017	-	-	-	-	185,594	185,594
Other comprehensive income for the half year ended June 30, 2017	-	-	-	-	-	-
	-	-	-	-	185,594	185,594
Balance as at June 30, 2017 (Unaudited)	7,665,961	865,354	333,638	(73,958)	778,813	9,569,808
Employee share option scheme	-	-	(35,802)	-	-	(35,802)
Transaction with owners						
Profit for the half year ended December 31, 2017	-	-	-	-	193,703	193,703
Other comprehensive loss for the half year ended December 31, 2017	-	-	-	(6,685)	-	(6,685)
	-	-	-	(6,685)	193,703	187,018
Balance as at December 31, 2017 (Audited)	7,665,961	865,354	297,836	(80,643)	972,516	9,721,024
Employee share option scheme	-	-	(70,722)	-	-	(70,722)
Transaction with owners						
Final dividend for the year ended December 31, 2017	-	-	-	-	(306,638)	(306,638)
Profit for the half year ended June 30, 2018	-	-	-	-	511,296	511,296
Other comprehensive income for the half year ended June 30, 2018	-	-	-	-	-	-
	-	-	-	-	511,296	511,296
Balance as at June 30, 2018 (Unaudited)	7,665,961	865,354	227,114	(80,643)	1,177,174	9,854,960

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.


Chairman


Chief Executive


Chief Financial Officer

ENGRO FOODS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

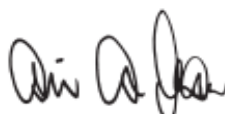
(Amounts in thousand)

	Note	Half year ended June 30,	
		2018	2017
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilized in) / generated from operations	14	(967,585)	460,698
Finance costs paid		(263,857)	(146,475)
Taxes paid		(527,909)	(525,093)
Retirement benefits paid		(108,179)	(119,029)
Long term advances and deposits - net		2,970	(1,339)
Net cash utilized in operating activities		(1,864,560)	(331,238)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of:			
- property, plant and equipment		(603,755)	(398,778)
- intangibles		(7,669)	(7,194)
- biological assets		(154)	-
Proceeds from disposal of:			
- property, plant and equipment		53,801	56,744
- biological assets		41,528	62,636
Net cash utilized in investing activities		(516,249)	(286,592)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term finances		-	4,000,000
Repayments of long term finances		(250,000)	(1,116,689)
Dividend paid		(297,460)	(7,650,921)
Repayment of liabilities against assets subject to finance lease		(74,516)	-
Net cash utilized in financing activities		(621,976)	(4,767,610)
Net decrease in cash and cash equivalents		(3,002,785)	(5,385,440)
Cash and cash equivalents at beginning of the period		(1,135,733)	637,824
Cash and cash equivalents at end of the period	15	(4,138,518)	(4,747,616)

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive



Chief Financial Officer

ENGRO FOODS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

ENGRO FOODS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

- 1.1 Engro Foods Limited (the Company), is a public listed company incorporated in Pakistan, under the Companies Ordinance, 1984 (now Companies Act, 2017), and its shares are quoted on 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 products, beverages, ice cream 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; 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 The cumulative figures for the half year ended June 30, 2018 presented in these condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of the Companies Act, 2017. 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, 2017.
- 2.3 The preparation of these condensed interim financial statements in conformity with the approved 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, 2017.

ENGRO FOODS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

(Amounts in thousand)

3. ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements for the year ended December 31, 2017.
- 3.2 There are certain amendments to published International Financial Reporting Standards and interpretations that are mandatory for the financial year beginning on January 1, 2018. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial statements. Further, third and fourth schedules to the Companies Act, 2017 will be applicable to the Company for the first time in the preparation of annual financial statements for the year ending December 31, 2018 which have added / amended certain disclosure requirements.
- 3.3 Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

	Unaudited June 30, 2018	Audited December 31, 2017
	Rupees	
4. PROPERTY, PLANT AND EQUIPMENT		
Operating assets, at net book value (notes 4.1, 4.2 and 4.3)	11,724,781	11,879,426
Capital work-in-progress (note 4.4)	287,547	537,737
Major spare parts and stand-by equipment	142,641	142,210
	<u>12,154,969</u>	<u>12,559,373</u>
4.1 Following additions, including transfers from capital work-in-progress, were made to operating assets during the period / year:		
Buildings on freehold land	67,016	149,978
Plant, machinery and related equipment	642,257	1,331,491
Office equipment & furniture and fittings	7,255	18,369
Computer equipment	30,935	34,851
Vehicles	106,277	95,487
	<u>853,740</u>	<u>1,630,176</u>

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

	Cost	Accumulated depreciation / impairment	Net book value	Sales proceeds	Mode of disposal
	Rupees				
Plant , machinery and equipment	176,537	(155,002)	21,535	39,168	Auction / Sales proceeds / Writeoff
Vehicles - owned	37,698	(29,001)	8,697	14,296	Employee buyback / Insurance claims
Computer equipment	5,038	(4,848)	190	297	Donations / Insurance claims / Auction / Writeoff
Office equipment & furniture and fixture	655	(621)	34	40	Insurance claims / Auction
Building & civil works	196	(91)	105	-	Writeoff
June 30, 2018	<u>220,124</u>	<u>(189,563)</u>	<u>30,561</u>	<u>53,801</u>	
December 31, 2017	<u>732,424</u>	<u>(651,805)</u>	<u>80,619</u>	<u>140,453</u>	

ENGRO FOODS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

(Amounts in thousand)

- 4.3 During the period, the Company has recorded an impairment charge, net of reversal, amounting to Rs. 14,165 (June 30, 2017: Rs. 32,026) against idle assets, determined on the basis of fair value of the assets less cost of disposal. The Company based on a review for impairment of operating assets identified that the carrying values of certain operating assets in Dairy and Beverages segment exceed their estimated recoverable amounts. These assets were deemed as idle primarily due to discontinuation of certain SKUs to rationalize product portfolio of the Company. In addition, the Company identified that carrying value of certain previously impaired assets is lower than their estimated recoverable amounts. Accordingly, reversal for impairment was recognized there against. The recoverable amount of these assets amounted to Rs. 3,627, determined on the basis of fair value less cost of disposal of underlying assets which is based on the historical experience of net recovery proceeds on similar nature of assets. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation.

	Unaudited June 30, 2018	Audited December 31, 2017
	Rupees	
4.4 Movement in capital work-in-progress during the period / year:		
Balance as at the beginning of the period / year	537,737	732,411
Additions:		
Building on freehold land	33,677	194,796
Plant, machinery and related equipment	431,916	1,139,544
IS and milk automation projects	7,669	25,998
Office equipment, furniture & fittings and computer equipment	39,431	60,873
Vehicles	98,731	69,181
	611,424	1,490,392
Less:		
Transfers to:		
- Operating assets	(853,740)	(1,630,176)
- Intangibles	(7,874)	(54,890)
Balance as at the end of the period / year	<u>287,547</u>	<u>537,737</u>

5. EMPLOYEES' SHARE OPTION SCHEME

In 2013, the shareholders of the Company approved Employees' Share Option Scheme (the Scheme) for granting of options to certain critical employees up to 16.9 million new ordinary shares, to be determined by the Board Compensation Committee.

Under the Scheme, options were to be granted in the years 2013 to April 2015. 50% of the options granted were to vest in two years whereas the remaining 50% were to vest in three years from the date of the grant of options. These options are exercisable within 3 years from the end of vesting period. During the period, 887,500 previously granted share options lapsed due to resignation of some employees. Further, during the period, 1,012,500 vested share options, granted in 2013 and 2016, expired due to non-exercise by ex-employees within the exercise period.

ENGRO FOODS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

(Amounts in thousand)

The details of share options granted to date under the Scheme, which remained outstanding as at June 30, 2018 are as follows:

- number of options	8,275,000
- range of exercise price	Rs. 182.85 - Rs. 354.90
- weighted average remaining contractual life	3.39 years

The weighted average fair value of options granted to date, as estimated at the date of grant using the Black-Scholes model was Rs. 27.45 per option. The following weighted average assumptions have been used in calculating the fair values of the options:

	Options granted in 2013	Options granted in 2015	Options granted in 2016	Options granted in 2017
Options granted and outstanding:				
- number of options	1,800,000	800,000	5,550,000	125,000
- share price	Rs. 133.58	Rs. 107.67	Rs. 156.85	Rs. 168.19
- exercise price	Rs. 191.89	Rs. 182.85	Rs. 230.76	Rs. 268.36
- expected volatility	32.54%	30.32%	34.86%	25.74%
- expected life	3 years	3.5 years	3.5 years	3.5 years
- annual risk free interest rate	9.42%	7.93%	6.15%	6.12%

The volatility has been measured as the standard deviation of quoted share prices over the last one year from each respective / expected grant date.

The time period under the Scheme for granting of share options expired in April 2015. However, the Company obtained approval of shareholders for extension in share options grant period for further 3 years in the Annual General Meeting held on April 27, 2015. The approval from the SECP for aforementioned modification in the Scheme and the related vesting period has also been received through letter dated August 31, 2015.

As of June 30, 2018, 5,812,500 options remained ungranted which will lapse in option year 2018 with the expiry of scheme.

In respect of the Scheme, Employee share option compensation reserve and the related deferred expense amounting to Rs. 227,114 has been recognized, out of which Rs. 213,303 has been amortized to date, including reversal of Rs 57,951 in current period owing to change in fair value of options granted and lapsed during the period, net of charge in respect of employees services received to the balance sheet date.

6. STORES, SPARES AND LOOSE TOOLS

These are net of provision against expired / obsolete stores and spares amounting to Rs. 90,413 (December 31, 2017: Rs. 60,449). Spares and loose tools amounting to Nil (December 31, 2017: 8,347) have been written off against provision during the period.

ENGRO FOODS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

(Amounts in thousand)

	Unaudited June 30, 2018	Audited December 31, 2017
	Rupees	
7. STOCK-IN-TRADE		
Raw and packaging material (note 7.1)	2,039,968	2,123,048
Work in process (note 7.2)	3,151,365	200,171
Finished goods (notes 7.3)	564,853	322,775
	<u>5,756,186</u>	<u>2,645,994</u>
7.1	Includes Rs. 77,417 (December 31, 2017: Rs. 15,055) in respect of raw and packaging material held by third parties.	
7.2	Includes Rs. 858,601 (December 31, 2017: 65,063) in respect of semi-finished stock held by third parties.	
7.3	Includes Rs. 25,222 (December 31, 2017: Rs. 18,227) in respect of finished goods held by third parties	
7.4	Stock in trade is net of provision against expired / obsolete stock amounting to Rs. 32,936 (December 31, 2017: Rs. 50,109). Stock amounting to Rs. 29,215 (December 31, 2017: Rs. 65,027) has been written off against provision during the period.	

	Unaudited June 30, 2018	Audited December 31, 2017
	Rupees	
8. CASH AND BANK BALANCES		
Cash at bank in:		
- current accounts (note 8.1)	6,229	34,106
- savings accounts (note 8.2)	37,046	34,362
	<u>43,275</u>	<u>68,468</u>
8.1	Includes balance in foreign currency account of Rs. 5,212 (December 31, 2017: Rs. 1,049).	
8.2	Includes balance in foreign currency account of Rs. 37,046 (December 31, 2017: Rs. 17,402).	

	Unaudited June 30, 2018	Audited December 31, 2017
	Rupees	
9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments (note 9.1)	198,784	273,300
Current portion presented under current liabilities	(157,510)	(151,956)
	<u>41,274</u>	<u>121,344</u>

ENGRO FOODS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

(Amounts in thousand)

9.1 These represent machinery acquired under finance lease arrangements. The leases are priced at 7.2% (December 31, 2017: 7.2%) annually. Lease rentals are payable monthly within 2 years. The Company has the option to acquire these assets at the end of lease terms.

10. TRADE AND OTHER PAYABLES

These include Rs. 9,436 (December 31, 2017: Nil) on account of the final dividend payable for the year ended December 31, 2017.

11. SHORT TERM FINANCES - secured

11.1 The facilities for short term running finance available from various banks, which represent the aggregate sale price of all mark-up arrangements, amounts to Rs. 7,962,630 (December 31, 2017: Rs. 7,899,840). The unutilized balance against these facilities as at June 30, 2018 was Rs. 3,780,837 (December 31, 2017: Rs. 6,695,639). The rates of mark-up on these finances are KIBOR based and range from 6.40% to 7.92% (December 31, 2017: 6.15% to 7.28%) per annum. These facilities are secured by way of hypothecation upon all the present and future current assets of the Company.

11.2 The facilities for opening letters of credit and bank guarantees as at June 30, 2018 amounts to Rs. 9,402,370 (December 31, 2017: Rs. 8,615,160), of which the amount remaining unutilized as at June 30, 2018 was Rs. 4,999,026 (December 31, 2017: Rs. 5,117,906).

12. CONTINGENCIES AND COMMITMENTS

12.1 As at June 30, 2018, the Company has provided bank guarantees to:

- Sui Southern Gas Company Limited amounting to Rs. 75,395 (December 31, 2017: Rs. 75,395) under the contract for supply of gas;
- Sui Northern Gas Company Limited amounting to Rs. 34,350 (December 31, 2017: Rs. 34,350) under the contract for supply of gas;
- Collector of Sales Tax, Large Tax Payers Unit (LTU), Karachi amounting to Rs. 258,712 (December 31, 2017: Rs. 258,712) under Sales Tax Rules 2006, against refund claim of input sales tax. Against these guarantees, sales tax refunds amounting to Rs.172,000 (December 31, 2017: Rs. 172,000) have been received to-date;
- Parco Pearl Gas Co. (Private) Limited amounting to Rs. 1,000 (December 31, 2017: Rs. 1,000) as collateral against supplies;

12.2 In 2017, the Company has received an order from Competition Commission of Pakistan, imposing a penalty of Rs. 62,293 in respect of Company's marketing activities relating to one of its products. The Company has filed an appeal against the aforementioned order. The Company, based on the opinion of its legal counsel, is confident of a favorable outcome of the appeal, and accordingly no provision has been recognized in these condensed interim financial statements in this respect.

12.3 Commitments in respect of capital expenditure contracted for but not incurred as at June 30, 2018 amounts to Rs. 209,700 (December 31, 2017: Rs. 653,596).

ENGRO FOODS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

(Amounts in thousand)

- 12.4 Commitments in respect of purchase of certain commodities as at June 30, 2018 amounts to Rs.2,213,311 (December 31, 2017: Rs. 990,089).
- 12.5 Commitments for rentals payable under the Ijarah agreement as at June 30, 2018 amounts to Rs. 38,248 (December 31, 2017: Rs. 55,487).
- 12.6 Following is the position of the Company's open tax assessments / matters as at June 30, 2018:

- a) The Company in accordance with section 59 B (Group Relief) of the Income Tax Ordinance (ITO), 2001 has surrendered to Engro Corporation Limited (ECL), the associated company (previously the holding company), its tax losses amounting to Rs. 4,288,134 out of the total tax losses of Rs. 4,485,498 for the years ended December 31, 2006, 2007 and 2008 (Tax years 2007, 2008 and 2009) for cash consideration aggregating Rs. 1,500,847, being equivalent to tax benefit/effect thereof.

The Company had been designated as part of the Group of ECL by the Securities and Exchange Commission of Pakistan (SECP) through its letter dated February 26, 2010. Such designation was mandatory for availing Group tax relief under section 59 B(2)(g) of the ITO and a requirement under the Group Companies Registration Regulations, 2008 (the Regulations) notified by the SECP on December 31, 2008.

Further, the Appellate Tribunal, in respect of surrender of aforementioned tax losses by the Company to ECL for the years ended December 31, 2006 and 2007, decided the appeals in 2010 in favour of ECL, whereby, allowing the surrender of tax losses by the Company to ECL. The tax department has filed reference application there against before the High Court of Sindh, which is under the process of hearings. In 2013, the Appellate Tribunal also decided similar appeal filed by ECL for the year ended December 31, 2008 in favour of ECL. The Company based on the merits of the case expects a favourable outcome of the matter.

- b) The Company's appeal against the order of Commissioner Inland Revenue (CIR) for reduction of tax loss from Rs. 1,224,964 to Rs. 1,106,493 for the tax year 2007, is currently in the process of being heard. However, the Company, based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, and hence the balance of taxes recoverable has not been reduced by the effect of the aforementioned disallowance.
- c) In 2013, the Commissioner Inland Revenue raised a demand of Rs. 223,369 for tax year 2009 by disallowing the provision for advances, stock written-off, repair and maintenance, sales promotion and advertisement expenses etc. During 2015, in response to the appeal filed against the audit proceedings, the Commissioner Appeals issued an appellate order in favour of the Company holding the selection of case for audit to be illegal and without jurisdiction. The tax department has filed an appeal against the order with the Appellate Tribunal Inland Revenue, however, no hearing has been conducted to date. The Company, based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- d) In 2014, the Additional Commissioner Inland Revenue (ACIR) raised a demand of Rs. 713,341 for tax year 2012 by disallowing the initial allowance and depreciation on certain additions to property, plant and equipment, provision for retirement benefits, marketing support reimbursements, purchase expenses, sales promotion and advertisement and other expenses etc. In 2017, CIR (Appeals) upheld the decision of ACIR in respect of provision for retirement benefits and marketing support reimbursements. The Company has filed an appeal with

ENGRO FOODS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

(Amounts in thousand)

Appellate Tribunal Inland Revenue (ATIR) against the order of CIR (Appeals) and based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

- e) In 2015, the Additional Commissioner Inland Revenue raised a demand of Rs. 73,962 for tax year 2014 by disallowing the loss on sales of raw milk considered as trading activity, depreciation on certain additions to property, plant and equipment and tax credit under 65B etc. The Company has filed an appeal against the order and based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- f) In 2016, the Deputy Commissioner Inland Revenue (DCIR) raised a demand of Rs. 541,221 for tax year 2013 by disallowing the loss on sales of raw milk considered as trading activity, stock written-off, finance cost allocation against advance for purchase of Engro Foods Netherlands and certain other items, research and business expenses and minimum turnover tax credit for tax years 2008, 2010 and 2011 etc against which the Company filed an appeal with CIR (Appeals). In 2017, CIR (Appeals) upheld the decision of DCIR in respect of minimum turnover tax credit and finance cost allocation. During the period, DCIR passed an appeal effect order based on the decision of CIR (Appeals) reducing the demand to Rs. 98,548. The Company has filed an appeal with Appellate Tribunal Inland Revenue (ATIR) against the order of CIR (Appeals) and based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- g) In 2016, the Additional Commissioner Inland Revenue raised a demand of Rs. 59,772 for tax year 2010, primarily on account of disallowance of sales promotion and freight expenses. The Company has filed an appeal against the order and based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- h) In 2016, the Additional Commissioner Inland Revenue raised a demand of Rs. 34,134 for tax year 2011 by disallowing depreciation on certain additions to property, plant and equipment, provision for retirement and other service benefits, sales promotion and advertisement and other expenses etc. The Company has filed an appeal against the order and based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- i) In 2017, the Additional Commissioner Inland Revenue raised a demand of Rs. 511,801 for tax year 2016 by disallowing minimum turnover tax credit, expenses on account of Employee Share Option Scheme and Worker's Welfare Fund. During the period, CIR (appeals) upheld the decision of DCIR in respect of minimum turnover tax credit and Employee Share Option Scheme. The Company intends to file an appeal with Appellate Tribunal Inland Revenue (ATIR) against the order of CIR (Appeals) and based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

12.7 Sales tax

- a) In 2016, the Deputy Commissioner Inland Revenue after conducting sales tax audit for the year ended December 2013 raised sales tax demand amounting to Rs. 143,125 including penalty. The demand primarily arose on account of (i) mismatch of input tax claimed with suppliers output

ENGRO FOODS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

(Amounts in thousand)

tax on FBR portal; (ii) alleged unlawful adjustment of input tax; and (iii) alleged non-withholding of sales tax on certain supplies. The Company has filed an appeal against the order and based on the opinion of its tax consultant, is confident of a favourable outcome of the appeal, and, accordingly sales tax recoverable has not been reduced by the effect of aforementioned order.

- b) The Deputy Commissioner Inland Revenue has issued show cause notices for sales tax on tea whitener and dairy drink product i.e. 'Tarang' and 'Omung' respectively for years 2013, 2014, 2015 & 2016 aggregating to Rs. 14,886,500 challenging the exemption/zero rating on these products. Against the show cause notices the Company has filed Constitution Petitions before the High Court of Sindh and has obtained an interim injunction against adverse action by tax authorities. Based on the opinion of its legal advisor, the Company is confident of a favourable outcome of this matter.

	Unaudited June 30, 2018	Unaudited June 30, 2017
	Rupees	
13. EARNINGS PER SHARE - Basic and diluted		
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Profit for the period	<u>511,296</u>	<u>185,594</u>
Weighted average number of ordinary shares for determination of basic & diluted EPS (in thousand)	<u>766,596</u>	<u>766,596</u>
14. CASH (UTILIZED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	413,125	361,439
Adjustment for non-cash charges and other items:		
- Depreciation	963,659	940,047
- Impairment of operating assets - net	14,165	32,026
- Amortization of intangibles	14,396	12,801
- Amortization of deferred income	-	(522)
- Amortization of arrangement fees on long term finances	-	2,206
- Reversal of amortization of employee share option compensation reserve	(57,951)	(43,602)
- Loss on death / disposal of biological assets	5,959	3,555
- Gain on disposal of operating assets	(23,240)	(26,430)
- Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	(124,963)	(78,414)
- Provision for retirement and other service benefits	59,696	54,281
- Provision for stock-in-trade	12,042	47,760
- Provision for slow moving spares	29,964	1,903
- (Reversal of provision) / Provision for impairment of trade debts	(31)	433
- Finance costs	308,600	221,857
Working capital changes (note 14.1)	<u>(2,583,006)</u>	<u>(1,068,642)</u>
	<u>(967,585)</u>	<u>460,698</u>

ENGRO FOODS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

(Amounts in thousand)

	Unaudited June 30, 2018	Unaudited June 30, 2017
	Rupees	
14.1 Working capital changes		
(Increase) / Decrease in current assets		
- Stores, spares and loose tools	16,696	(34,115)
- Stock-in-trade	(3,122,234)	(1,670,707)
- Trade debts	(71,350)	(44,019)
- Advances, deposits and prepayments	(13,107)	(50,689)
- Other receivables	124,973	(42,743)
- Sales tax recoverable	131,462	117,351
	<u>(2,933,560)</u>	<u>(1,724,922)</u>
Increase in current liabilities		
- Trade and other payables	350,554	656,280
	<u>(2,583,006)</u>	<u>(1,068,642)</u>
15. CASH AND CASH EQUIVALENTS		
Cash and bank balances	43,275	677,340
Short term finances	(4,181,793)	(5,424,956)
	<u>(4,138,518)</u>	<u>(4,747,616)</u>

16. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

16.1 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.

16.2 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.

ENGRO FOODS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

(Amounts in thousand)

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:

Nature of relationship	Nature of transactions	Unaudited	Unaudited
		June 30, 2018	June 30, 2017
		Rupees	
Holding company	Dividend Paid	156,386	3,909,640
Associated companies	Arrangement for sharing of premises, utilities, personnel and assets	80,282	116,051
	Fee for technical assistance	394,915	461,504
	Reimbursement of expense paid on behalf of	31,802	8,017
	Purchases of goods and services	295,938	64,188
	Donation	-	250
	Dividend Paid	122,430	3,060,759
Contribution to staff retirement funds	Managed and operated by ECL:		
	- Gratuity fund contribution	108,179	119,029
	- Provident fund contribution	170,337	157,725
Key management personnel	Managerial remuneration	94,454	69,387
	Contribution for staff retirement benefits	11,309	7,208
	Bonus payment	23,439	14,889
	Other benefits	360	509
Directors	Fee	694	848

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 are the same which were disclosed in annual financial statements for the year ended December 31, 2017.

Unallocated assets include long and short term advances, deposits and prepayments, other receivables, 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 & Beverages to Ice cream & frozen desserts and inter-segment sales of raw milk are made by Dairy farm to Dairy, at market value.

ENGRO FOODS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2018

(Amounts in thousand)

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

	Unaudited Half year ended June 30, 2018				Unaudited Half year ended June 30, 2017			
	Dairy and Beverages	Ice cream & frozen desserts	Dairy farm	Total	Dairy and Beverages	Ice cream & frozen desserts	Dairy farm	Total
	Rupees							
Results for the period								
Net sales	13,306,610	2,050,665	672,507	16,029,782	16,102,856	1,929,473	607,400	18,639,729
Inter-segment sales	(30,453)	-	(672,507)	(702,960)	(48,164)	-	(607,400)	(655,564)
	13,276,157	2,050,665	-	15,326,822	16,054,692	1,929,473	-	17,984,165
Raw milk sales	19,198	-	-	19,198	20,542	-	-	20,542
	13,295,355	2,050,665	-	15,346,020	16,075,234	1,929,473	-	18,004,707
Net profit after tax	277,093	160,803	73,400	511,296	35,695	100,053	49,846	185,594
	Unaudited June 30, 2018				Audited December 31, 2017			
	Rupees							
Assets								
- Segment assets	15,722,925	2,092,750	2,172,187	19,987,862	13,226,462	1,819,511	2,157,578	17,203,551
- Un-allocated assets	-	-	-	5,065,705	-	-	-	5,014,779
	15,722,925	2,092,750	2,172,187	25,053,567	13,226,462	1,819,511	2,157,578	22,218,330

19. SEASONALITY

The Company's 'Ice cream & frozen desserts' and 'Beverages' businesses are subject to seasonal fluctuation, with demand of ice cream and beverages 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, 2018 are not necessarily indicative of result to be expected for the full year.

20. CORRESPONDING FIGURES

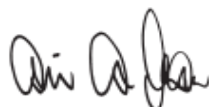
20.1 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual financial statements of preceding financial year, whereas the condensed interim statement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

21. DATE OF AUTHORIZATION FOR ISSUE


These condensed interim financial statements were authorized for issue on August 3, 2018 by the Board of Directors of the Company.



Chairman



Chief Executive



Chief Financial Officer

ڈائریکٹرز رپورٹ

ہم، اینگرو فوڈز لمیٹڈ (ریفرینڈ کمپنا پاکستان ہولڈنگز بی۔ وی کی اکثریت ملکیتی ذیلی کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی 30 جون 2018 کے اختتام پذیر مدت کی رپورٹ اور درمیانی مدت کی مالیاتی معلومات کا خلاصہ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

کاروباری تجزیہ

مذکورہ مدت میں کمپنی کی آمدنی 15.3 بلین روپے رہی جو کہ گزشتہ برس اسی مدت میں 18 بلین روپے تھی۔ فریز لینڈ کمپنا کی بہترین پریکٹسز اور پراسس کی عمدگی کے نفاذ سے گروس مارجن 17 فیصد سے بڑھ کر 20 فیصد ہو گیا۔ سال 2018 کے دوسرے نصف میں، قیمتوں میں کیے گئے اضافے نے مجموعی کاروباری حجم میں کمی کے اثر کو کم کرنے میں مدد کی۔ حالیہ اور مستقبل کے سالوں میں ٹیکس ریٹ کی کمی کی وجہ سے 200 ملین روپے کا ملٹوی شدہ ٹیکس کی سبب آمدنی ہوئی۔ جس کی وجہ سے کمپنی کا مجموعی منافع 186 ملین روپے سے بڑھ کر 511 ملین روپے ہو گیا۔

ڈیری اور مشروبات کا شعبہ

ڈیری کی صنعت کو وفاقی اور صوبائی فوڈ کے قوانین اور ٹیکس میں تبدیلی سے پیدا ہونے والے ریگولیٹری چیلنجز کی وجہ سے مسلسل دباؤ کا سامنا ہے۔ جس کے نتیجے میں، مجموعی UHT کیٹیگری میں گزشتہ سال اسی مدت کے مقابلے میں کمی دیکھی گئی۔

ڈیری اور مشروبات سیگمنٹ نے اس سال 13.3 ارب روپے کی آمدنی دکھائی جو کہ گزشتہ سال اسی مدت میں 16.1 ارب روپے تھی۔

کمپنی اپنی توجہ برانڈ ایکویٹی کو بنانے پر مرکوز رکھے گی اور کھلے دودھ سے ڈبے کے دودھ پر منتقلی کے عمل کو متحرک کیا جائے گا تاکہ کیٹیگری کی نمو میں اضافہ کیا جائے جبکہ دیگر تبدیری اقدامات کو اختیار کر کے مارکیٹ شیئر کو بڑھایا جائے گا۔ اس مدت میں کمپنی نے اپنی دو اہم برانڈز کو (360 ڈگری میڈیا اور ایکٹویشن مہمات کے ذریعے دوبارہ سے متعارف کروایا، ترنگ ایک بہتر تیسپی اور منفرد پکچنگ کے ساتھ متعارف کروایا گیا تاکہ صارفین ایک گاڑھے چائے کے کپ سے لطف اندوز ہو سکیں۔ اوپرز کی کمپن "خوشگوار صبح" پر مرکوز رہی، جو کہ ہماری ثقافت "فطرت کے ساتھ پرورش" اور ہمارے "100 فیصد خالص" کے پیغام کے عین مطابق ہے۔ ہماری نئی پکچنگ ہمارے سپلائی چین کے عمل کو بھی تقویت پہنچاتی ہے۔

آئس کریم اور منجمد ڈیزرٹس سیگمنٹ

اس شعبے میں پہلے چھ ماہ میں اچھی کارکردگی دکھائی جس کی وجہ تجوی نموا اور جدت تھی۔ اس شعبے نے 2.1 بلین روپے کی آمدنی کا اندراج کیا جس میں گزشتہ سال اسی مدت کے مقابلے میں 6.3 فیصد کا اضافہ ہوا۔ اس مدت میں متعارف کروائی گئی پروڈکٹس میں چاکلیٹ، چاک بارز، فرنیچ پرائلین ٹب، کک، چوک۔ او، اور کرینچ بلک بیک کلیدی کردار کے حامل ہیں۔ نئے فریزرز کی بروقت فراہمی سے بھی برنس کو تقویت ملی۔

ڈیری فارم سیگمنٹ

یہ سیگمنٹ کمپنی کے لیے مسلسل زیادہ پیداوار اور بلند معیار کے خام مال کا ماخذ ہے۔ اس شعبے نے پہلے چھ ماہ 73 ملین روپے کے منافع کا اندراج کیا جو کہ گزشتہ سال کی اسی مدت میں 50 ملین روپے تھا۔ اس کی بنیادی وجہ ڈالر کی قدر میں اضافے سے حیاتیاتی اثاثہ جات کی revaluation سے اضافہ ہے۔

مالیاتی کارکردگی

سال 2018 کی پہلی ششماہی کی کمپنی کی مالیاتی کارکردگی کا خلاصہ درج ذیل ہے۔

30 جون 2018 کو اختتام پذیر ششماہی مدت

رقم ملین میں	2018	2017	تبدیلی
خالص فروخت	15,346	18,005	(15%)
آپریٹنگ منافع	722	583	24%
فروخت کی شرح	4.7%	3.2%	
منافع بعد از ٹیکس	511	186	175%
فروخت کی شرح	3.3%	1%	
آمدنی فی شیئر	0.67	0.24	179%

مستقبل کا منظر نامہ

کمپنی انضباطی اتھارٹیز کے ساتھ متحرک رہے گی تاکہ وفاقی اور صوبائی فوڈ کے قوانین اور انضباطی ناموافق چیزوں کو دور کیا جاسکے اور ان کی کم از کم پیپر انزیشن (Pasteurization) کے ضابطہ کے مسودے کی تیاری میں مدد کی جائے اور ٹیکس قوانین کو حقیقت پسندانہ بنایا جائے تاکہ پراسسڈ ڈیری کے سپیکشن کو مساوی مواقع میسر آسکیں۔

کمپنی، پاکستان ڈیری ایسوسی ایشن کے ساتھ مل کر ڈیری کے فروغ کے لیے مختلف اقدامات کرے گی تاکہ پراسسڈ دودھ کی غذائیت، صحت اور حفاظت کے فوائد کے بارے میں صارفین کو تعلیم دی جائے اور کھلے دودھ کی منتقلی کے ذریعے سے کمیونٹی میں اضافہ کیا جاسکے۔

فریز لینڈ کمپنیاں کے "فطرت کے ساتھ پرورش" کے عین مطابق، کمپنی بھر سے مند، صحت بخش، محفوظ اور معیاری مصنوعات فراہم کرتی رہے گی۔

پاکستان میں روزانہ لاکھوں لوگ ہماری مصنوعات سے لطف اندوز ہوتے ہیں، اسی لیے کمپنی اپنے اعلیٰ غذائی حفاظت اور شفافیت کے اصولوں پر کاربند رہے گی۔



علی احمد خان
چیف ایگزیکٹو



عبدالصمد داؤد
چیرمین

+92 (21) 352 960 00
engrofoods.com

