



# nourishing by nature

Third Quarter 2018



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## 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.  
Deutchse 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](mailto:info@engrofoods.com)  
website: [www.engrofoods.com](http://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 nine months ended September 30, 2018.

## **BUSINESS REVIEW**

During the period, the Company reported a revenue of Rs. 24 billion vs Rs. 27 billion in the same period last year. Pricing actions taken in the second half of last year as well as process excellence initiatives taken during the year have helped improve the gross margin from 17% to 18%. 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. 513 million vs Rs. 386 million in same period last year, as a result of above.

## **DAIRY AND BEVERAGES SEGMENT**

The Dairy and Beverages segment reported a revenue of Rs. 20.7 billion in the first nine months of the year vs Rs. 24.1 billion in the same period last year.

During the year, the Company has re-launched both its iconic brands, supported by extensive 360 degree media and activation campaigns. Olper's campaign focused on "Happy Subha" theme, leveraging on our heritage around morning occasion, while scaling up cues of naturalness and purity through "100% pure goodness" proposition. The campaign has been well received by consumers, with key brand health indicators moving in positive direction since the launch. The brand has also been able to increase market share by more than 150bps since launch. To further accelerate conversion from loose milk, Olper's has launched an aggressive price promotion for its portion packs in September, which has yielded positive results.

Similarly, 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. Along with the media campaign, the launch was complimented by a nationwide consumer promotion with Pakistan's largest tea brand Vital. Despite moving into off season, Tarang's market share has improved by more than 100bps since the launch.

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. 3.2 billion during the first nine months of the year with a growth of 6% vs same period last year. This has come on the back of strong growth in the small cones and stick formats. Innovations for the year including Chocolate Choc Bar, French Praline Tub, Kick and limited edition Vanilla Caramel Crunch brick pack have also contributed well in driving volume growth. The category has also successfully replaced a total of 4,500 cabinets during the 9 months as part of growing its trade footprint across 240 towns.

## 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. 65 million in the first nine months of the year versus a profit of Rs. 38 million in the corresponding period last year. This was driven by an improvement in milk productivity coupled with a revaluation gain on biological assets due to currency devaluation.

## FINANCIAL PERFORMANCE

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

(Rs. in million)	Nine months ended September 30,		Variation
	2018	2017	
Net Sales	23,942	27,136	(12%)
Operating Profit	878	983	(11%)
% of sales	3.7%	3.6%	
Profit after tax	513	386	33%
% of sales	2.1%	1.4%	
Earnings per share (Rs.)	0.67	0.50	33%

## FUTURE OUTLOOK

The Company will continue to work with the regulatory authorities through relevant business platforms to harmonize the Federal and Provincial food laws. The Company will continue its efforts in 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 the 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: October 17, 2018

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

(Amounts in thousand)

	Note	Unaudited September 30, 2018	Audited December 31, 2017
		Rupees	
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	11,848,856	12,559,373
Biological assets		1,107,419	968,805
Intangibles		58,106	71,635
Long term advances and deposits		74,561	83,631
Deferred employee share option compensation expense	5	1,282	3,165
		13,090,224	13,686,609
<b>Current Assets</b>			
Stores, spares and loose tools	6	641,972	740,423
Stock-in-trade	7	4,231,768	2,645,994
Trade debts		274,506	170,639
Advances, deposits and prepayments		284,128	157,347
Other receivables		179,743	227,975
Sales tax recoverable		2,043,231	2,105,692
Taxes recoverable		2,485,258	2,391,766
Deferred employee share option compensation expense	5	7,584	23,417
Cash and bank balances	8	50,124	68,468
		10,198,314	8,531,721
<b>TOTAL ASSETS</b>		23,288,538	22,218,330
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
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		1,179,069	972,516
		9,856,855	9,721,024
<b>Non-Current Liabilities</b>			
Long term finances		4,000,000	4,000,000
Liabilities against assets subject to finance lease	9	-	121,344
Deferred taxation		860,945	1,287,314
		4,860,945	5,408,658
<b>Current Liabilities</b>			
Current portion of:			
- long term finances		250,000	500,000
- liabilities against assets subject to finance lease	9	160,492	151,956
Trade and other payables	10	5,756,386	5,125,725
Unclaimed dividend		8,728	9,024
Accrued interest / mark-up on:			
- long term finances		133,918	63,853
- short term finances		73,902	33,889
Short term finances	11	2,187,312	1,204,201
		8,570,738	7,088,648
<b>Contingencies and Commitments</b>	12		
<b>TOTAL EQUITY AND LIABILITIES</b>		23,288,538	22,218,330


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 NINE MONTHS ENDED SEPTEMBER 30, 2018**

[Amounts in thousand except for earnings per share]

	Note	Quarter ended September 30,		Nine months ended September 30,	
		2018	2017	2018	2017
		Rupees		Rupees	
Net sales		8,596,175	9,130,794	23,942,195	27,135,501
Cost of sales		(7,319,402)	(7,626,135)	(19,530,401)	(22,505,365)
<b>Gross profit</b>		<u>1,276,773</u>	<u>1,504,659</u>	<u>4,411,794</u>	<u>4,630,136</u>
Distribution and marketing expenses		(938,221)	(934,295)	(3,189,068)	(3,185,659)
Administrative expenses		(236,156)	(205,885)	(655,687)	(613,636)
Other operating expenses		(37,486)	(42,497)	(85,086)	(73,181)
Other income		91,554	77,632	396,236	225,250
<b>Operating profit</b>		<u>156,464</u>	<u>399,614</u>	<u>878,189</u>	<u>982,910</u>
Finance costs		(162,584)	(169,763)	(471,184)	(391,620)
<b>Profit / (loss) before taxation</b>		<u>(6,120)</u>	<u>229,851</u>	<u>407,005</u>	<u>591,290</u>
Taxation		8,015	(29,687)	106,186	(205,532)
<b>Profit for the period</b>		<u>1,895</u>	<u>200,164</u>	<u>513,191</u>	<u>385,758</u>
<b>Earnings per share - basic and diluted</b>	13	<u>0.00</u>	<u>0.26</u>	<u>0.67</u>	<u>0.50</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  
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

(Amounts in thousand)

	Quarter ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
	Rupees		Rupees	
<b>Profit for the period</b>	1,895	200,164	513,191	385,758
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>1,895</u>	<u>200,164</u>	<u>513,191</u>	<u>385,758</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 NINE MONTHS ENDED SEPTEMBER 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	
<b>Balance as at January 1, 2017 (Audited)</b>	7,665,961	865,354	433,982	(73,958)	8,259,180	17,150,519
Employee share option scheme	-	-	(123,211)	-	-	(123,211)
<b>Transaction with owners</b>						
Final dividend for the year ended December 31, 2016	-	-	-	-	(7,665,961)	(7,665,961)
Profit for the nine months ended September 30, 2017	-	-	-	-	385,758	385,758
Other comprehensive income for the nine months ended September 30, 2017	-	-	-	-	-	-
	-	-	-	-	385,758	385,758
<b>Balance as at September 30, 2017 (Unaudited)</b>	7,665,961	865,354	310,771	(73,958)	978,977	9,747,105
Employee share option scheme	-	-	(12,935)	-	-	(12,935)
<b>Transaction with owners</b>						
Profit for the quarter ended December 31, 2017	-	-	-	-	(6,461)	(6,461)
Other comprehensive loss for the quarter ended December 31, 2017	-	-	-	(6,685)	-	(6,685)
	-	-	-	(6,685)	(6,461)	(13,146)
<b>Balance as at December 31, 2017 (Audited)</b>	7,665,961	865,354	297,836	(80,643)	972,516	9,721,024
Employee share option scheme	-	-	(70,722)	-	-	(70,722)
<b>Transaction with owners</b>						
Final dividend for the year ended December 31, 2017	-	-	-	-	(306,638)	(306,638)
Profit for the nine months ended September 30, 2018	-	-	-	-	513,191	513,191
Other comprehensive income for the nine months ended September 30, 2018	-	-	-	-	-	-
	-	-	-	-	513,191	513,191
<b>Balance as at September 30, 2018 (Unaudited)</b>	7,665,961	865,354	227,114	(80,643)	1,179,069	9,856,855

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 NINE MONTHS ENDED SEPTEMBER 30, 2018**

(Amounts in thousand)

	Note	Nine months ended September 30,	
		2018	2017
		Rupees	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	14	1,230,753	3,902,948
Finance costs paid		(361,106)	(249,704)
Taxes paid		(413,675)	(572,130)
Retirement benefits paid		(113,566)	(121,154)
Long term advances and deposits - net		9,070	1,944
Net cash generated from operating activities		351,476	2,961,904
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of:			
- property, plant and equipment		(806,491)	(958,764)
- intangibles		(6,655)	(9,366)
- biological assets		(366)	16,179
Proceeds from disposal of:			
- property, plant and equipment		66,496	69,023
- biological assets		62,726	80,302
Net cash utilized in investing activities		(684,290)	(802,626)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term finances		-	4,000,000
Repayments of long term finances		(250,000)	(1,116,689)
Dividend paid		(305,833)	(7,655,337)
Repayment of liabilities against assets subject to finance lease		(112,808)	-
Net cash utilized in financing activities		(668,641)	(4,772,026)
<b>Net decrease in cash and cash equivalents</b>		(1,001,455)	(2,612,748)
Cash and cash equivalents at beginning of the period		(1,135,733)	637,824
<b>Cash and cash equivalents at end of the period</b>	15	(2,137,188)	(1,974,924)

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 NINE MONTHS ENDED SEPTEMBER 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 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.

**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.

**ENGRO FOODS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

(Amounts in thousand)

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.

	<b>Unaudited</b>	<b>Audited</b>
	<b>September 30,</b>	<b>December 31,</b>
	<b>2018</b>	<b>2017</b>
	<b>————— Rupees —————</b>	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets, at net book value (notes 4.1, 4.2 and 4.3)	11,377,348	11,879,426
Capital work-in-progress (note 4.4)	332,273	537,737
Major spare parts and stand-by equipment	<u>139,235</u>	<u>142,210</u>
	<u><u>11,848,856</u></u>	<u><u>12,559,373</u></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	72,208	149,978
Plant, machinery and related equipment	729,764	1,331,491
Office equipment & furniture and fittings	13,504	18,369
Computer equipment	73,701	34,851
Vehicles	<u>122,976</u>	<u>95,487</u>
	<u><u>1,012,153</u></u>	<u><u>1,630,176</u></u>

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

	<b>Cost</b>	<b>Accumulated depreciation / impairment</b>	<b>Net book value</b>	<b>Sales proceeds</b>	<b>Mode of disposal</b>
	<b>————— Rupees —————</b>				
Plant, machinery and equipment	207,518	(184,854)	22,664	44,135	Auction / Sales proceeds / Writeoff
Vehicles - owned	58,047	(44,155)	13,892	21,940	Employee buyback / Insurance claims
Computer equipment	10,628	(10,439)	189	379	Donations / Insurance claims / Auction / Writeoff
Office equipment & furniture and fixture	821	(778)	43	42	Insurance claims / Auction
Building & civil works	36,977	(36,873)	104	-	Writeoff
September 30, 2018	<u>313,991</u>	<u>(277,099)</u>	<u>36,892</u>	<u>66,496</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 NINE MONTHS ENDED SEPTEMBER 30, 2018**

(Amounts in thousand)

- 4.3 During the period, the Company has recorded an impairment charge, net of reversal, amounting to Rs. 34,672 (September 30, 2017: Rs. 29,844) 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. 3,863, 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.

	<b>Unaudited September 30, 2018</b>	<b>Audited December 31, 2017</b>
	<b>Rupees</b>	
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	56,968	194,796
Plant, machinery and related equipment	497,958	1,139,544
IS and milk automation projects	6,655	25,998
Office equipment, furniture & fittings and computer equipment	90,768	60,873
Vehicles	160,797	69,181
	813,146	1,490,392
Less:		
Transfers to:		
- Operating assets	(1,012,153)	(1,630,176)
- Intangibles	(6,457)	(54,890)
Balance as at the end of the period / year	<u>332,273</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 NINE MONTHS ENDED SEPTEMBER 30, 2018**

(Amounts in thousand)

The details of share options granted to date under the Scheme, which remained outstanding as at September 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
<b>Options granted and outstanding:</b>				
- 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 September 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. 218,248 has been amortized to date, including reversal of Rs 53,006 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. 112,321 (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)**  
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(Amounts in thousand)

	<b>Unaudited September 30, 2018</b>	<b>Audited December 31, 2017</b>
	————— Rupees —————	
<b>7. STOCK-IN-TRADE</b>		
Raw and packaging material (note 7.1)	1,851,617	2,123,048
Work in process (note 7.2)	1,515,670	200,171
Finished goods (notes 7.3)	864,481	322,775
	<u>4,231,768</u>	<u>2,645,994</u>

7.1 Includes Rs. 74,014 (December 31, 2017: Rs. 15,055) in respect of raw and packaging material held by third parties.

7.2 Includes Rs. 524,710 (December 31, 2017: 65,063) in respect of semi-finished stock held by third parties.

7.3 Includes Rs. 14,868 (December 31, 2017: Rs. 18,227) in respect of finished goods held by third parties and Rs. 313,550 (December 31, 2017: Nil) in respect of finished goods stock carried at net realizable value.

7.4 Stock in trade is net of provision against expired / obsolete stock amounting to Rs. 94,714 (December 31, 2017: Rs. 50,109). Stock amounting to Rs. 48,626 (December 31, 2017: Rs. 65,027) has been written off against provision during the period.

	<b>Unaudited September 30, 2018</b>	<b>Audited December 31, 2017</b>
	————— Rupees —————	
<b>8. CASH AND BANK BALANCES</b>		
Cash at bank in:		
- current accounts (note 8.1)	24,265	34,106
- savings accounts (note 8.2)	25,859	34,362
	<u>50,124</u>	<u>68,468</u>

8.1 Includes balance in foreign currency account of Rs. 17,260 (December 31, 2017: Rs. 1,049).

8.2 Includes balance in foreign currency account of Rs. 25,859 (December 31, 2017: Rs. 17,402).

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(Amounts in thousand)

	<b>Unaudited September 30, 2018</b>	<b>Audited December 31, 2017</b>
	<b>Rupees</b>	
<b>9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Present value of minimum lease payments (note 9.1)	160,492	273,300
Current portion presented under current liabilities	<u>(160,492)</u>	<u>(151,956)</u>
	<u>-</u>	<u>121,344</u>
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.	
<b>10. TRADE AND OTHER PAYABLES</b>		
	These include Rs. 1,101 (December 31, 2017: Nil) on account of the final dividend payable for the year ended December 31, 2017.	
<b>11. SHORT TERM FINANCES - secured</b>		
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 Sept 30, 2018 was Rs. 5,775,318 (December 31, 2017: Rs. 6,695,639). The rates of mark-up on these finances are KIBOR based and range from 8.50% to 6.88% (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 September 30, 2018 amounts to Rs. 9,402,370 (December 31, 2017: Rs. 8,615,160), of which the amount remaining unutilized as at September 30, 2018 was Rs. 3,466,983 (December 31, 2017: Rs. 5,117,906).	
<b>12. CONTINGENCIES AND COMMITMENTS</b>		
12.1	As at September 30, 2018, the Company has provided bank guarantees to:	
	<ul style="list-style-type: none"> <li>- Sui Southern Gas Company Limited amounting to Rs. 75,395 (December 31, 2017: Rs. 75,395) under the contract for supply of gas;</li> <li>- Sui Northern Gas Company Limited amounting to Rs. 34,350 (December 31, 2017: Rs. 34,350) under the contract for supply of gas;</li> <li>- 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;</li> <li>- Parco Pearl Gas Co. (Private) Limited amounting to Rs. 1,000 (December 31, 2017: Rs. 1,000) as collateral against supplies;</li> </ul>	



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**(Amounts in thousand)**

- 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 September 30, 2018 amounts to Rs. 272,230 (December 31, 2017: Rs. 653,596).
- 12.4 Commitments in respect of purchase of certain commodities as at September 30, 2018 amounts to Rs. 2,822,150 (December 31, 2017: Rs. 990,089).
- 12.5 Commitments for rentals payable under the Ijarah agreement as at September 30, 2018 amounts to Rs. 32,717 (December 31, 2017: Rs. 55,487).
- 12.6 Following is the position of the Company's open tax assessments / matters as at September 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.

**ENGRO FOODS LIMITED**  
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- 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 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.

**ENGRO FOODS LIMITED**  
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- 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 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.

**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. 158,826 including penalty. The demand primarily arose on account of (i) mismatch of input tax claimed with suppliers output 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.

	<b>Unaudited September 30, 2018</b>	<b>Unaudited September 30, 2017</b>
	Rupees	
<b>13. EARNINGS PER SHARE - Basic and diluted</b>		
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Profit for the period	513,191	385,758
Weighted average number of ordinary shares for determination of basic & diluted EPS (in thousand)	766,596	766,596

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(Amounts in thousand)

	Unaudited September 30, 2018	Unaudited September 30, 2017
	Rupees	
<b>14. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	407,005	591,290
Adjustment for non-cash charges and other items:		
- Depreciation	1,442,667	1,412,511
- Impairment of operating assets - net	34,672	29,844
- Amortization of intangibles	19,986	19,207
- Amortization of deferred income	-	(522)
- Amortization of arrangement fees on long term finances	-	3,327
- Reversal of amortization of employee share option compensation reserve	(53,006)	(55,371)
- Loss on death / disposal of biological assets	13,587	15,345
- Gain on disposal of operating assets	(29,604)	(32,999)
- Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	(214,561)	(142,452)
- Provision for retirement and other service benefits	89,672	82,163
- Provision for stock-in-trade	93,231	55,173
- Provision for slow moving spares	51,872	17,423
- (Reversal of provision) / Provision for impairment of trade debts	(270)	145
- Finance costs	471,184	391,620
Working capital changes (note 14.1)	(1,095,682)	1,516,244
	<u>1,230,753</u>	<u>3,902,948</u>
<b>14.1 Working capital changes</b>		
(Increase) / Decrease in current assets		
- Stores, spares and loose tools	49,554	5,674
- Stock-in-trade	(1,679,005)	336,043
- Trade debts	(103,597)	(71,514)
- Advances, deposits and prepayments	(126,781)	12,194
- Other receivables	48,232	(102,470)
- Sales tax recoverable	62,461	686,948
	<u>(1,749,136)</u>	<u>866,875</u>
Increase in current liabilities		
- Trade and other payables	653,454	649,369
	<u>(1,095,682)</u>	<u>1,516,244</u>
<b>15. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	50,124	522,591
Short term finances	(2,187,312)	(2,497,515)
	<u>(2,137,188)</u>	<u>(1,974,924)</u>

**ENGRO FOODS LIMITED**  
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(Amounts in thousand)

**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.

**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
		September 30, 2018	September 30, 2017
		Rupees	
Holding company	Dividend Paid	156,386	3,909,640
	Reimbursement of expenses paid on behalf of	1,714	-
Associated companies	Arrangement for sharing of premises, utilities, personnel and assets	119,684	161,289
	Fee for technical assistance	612,598	696,399
	Reimbursement of expense paid on behalf of	31,802	10,283
	Purchases of goods and services	295,938	117,106
	Donation	20,000	9,250
	Dividend Paid	122,430	3,060,759
Contribution to staff retirement funds	Managed and operated by ECL:		
	- Gratuity fund contribution	108,179	121,154
	- Provident fund contribution	170,337	240,253
Key management personnel	Managerial remuneration	138,110	136,087
	Contribution for staff retirement benefits	16,666	11,140
	Bonus payment	32,633	17,311
	Other benefits	359	509
Directors	Fee	1,497	1,062

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

**ENGRO FOODS LIMITED**  
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(Amounts in thousand)

**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.

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

	Unaudited Nine months ended September 30, 2018				Unaudited Nine months ended September 30, 2017			
	Dairy and Beverages	Ice cream & frozen desserts	Dairy farm	Total	Dairy and Beverages	Ice cream & frozen desserts	Dairy farm	Total
	Rupees							
<b>Results for the period</b>								
Net sales	20,777,839	3,245,591	862,783	24,886,213	24,130,525	3,060,842	791,561	27,982,928
Inter-segment sales	(102,818)	-	(862,783)	(965,601)	(76,408)	-	(791,561)	(867,969)
	20,675,021	3,245,591	-	23,920,612	24,054,117	3,060,842	-	27,114,959
Raw milk sales	21,583	-	-	21,583	20,542	-	-	20,542
	20,696,604	3,245,591	-	23,942,195	24,074,659	3,060,842	-	27,135,501
Net profit after tax	158,090	290,114	64,987	513,191	191,137	156,146	38,475	385,758
	Unaudited September 30, 2018				Audited December 31, 2017			
	Rupees							
<b>Assets</b>								
- Segment assets	14,079,644	1,972,646	2,220,032	18,272,322	13,226,462	1,819,511	2,157,578	17,203,551
- Un-allocated assets	-	-	-	5,016,216	-	-	-	5,014,779
	14,079,644	1,972,646	2,220,032	23,288,538	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 nine months ended September 30, 2018 are not necessarily indicative of result to be expected for the full year.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
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(Amounts in thousand)

**20. CORRESPONDING FIGURES**

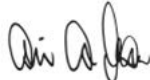
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual financial statements of preceding financial year, whereas the condensed interim statement 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 October 17, 2018 by the Board of Directors of the Company.



**Chairman**



**Chief Executive**



**Chief Financial Officer**

## ڈائریکٹرز رپورٹ

ہم، اینگرو فوڈز لمیٹڈ (یہ فریز لینڈ کمپنی پاکستان ہولڈنگز بی. وی کی اکثریت ملکیتی ذیلی کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی 30 ستمبر 2018 کو مکمل ہونے والے نو ماہ کے لیے رپورٹ اور مالیاتی معلومات کا خلاصہ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

## کاروباری تجزیہ

مذکورہ مدت میں کمپنی کی آمدنی 24 بلین روپے رہی جو کہ گزشتہ برس اسی مدت میں 27 بلین روپے تھی۔ گزشتہ سال کی دوسری ششماہی کے دوران پرائسنگ ایکشن اور پراسس کی عمدگی کے نفاذ سے گروس مارجن 17 فیصد سے بڑھ کر 18 فیصد ہو گیا۔ حالیہ اور مستقبل کے سالوں میں ٹیکس ریٹ کی کمی کی وجہ سے 200 ملین روپے کا ملٹوئی شدہ ٹیکس کی سبب آمدنی ہوئی۔ جس کی وجہ سے کمپنی کا بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے 386 ملین روپے سے بڑھ کر 513 ملین روپے ہو گیا۔

## ڈیری اور مشروبات کا شعبہ

ڈیری اور مشروبات سیکمنٹ نے رواں سال کے نو ماہ میں 20.7 بلین روپے روپے کی آمدنی دکھائی جو کہ گزشتہ سال اسی مدت میں 24.1 بلین روپے تھی۔

اس سال کے دوران کمپنی نے اپنی دو اہم برانڈز کو دوبارہ متعارف کروایا، اور اسے 360 ڈگری میڈیا اور ایکٹیویشن مہمات کے ذریعے بھرپور سپورٹ فراہم کی گئی۔ اولپرز کی اشتہاری مہم میں "پپی صبح" کی تھیم پر زور دیا گیا، جس میں صبح کے وقت گھروں میں ہونے والی سرگرمیوں کی عکاسی کی گئی جو کہ ہماری ثقافت "فطرت کے ساتھ پرورش" اور "100 فیصد پیور گڈنیس" کے ذریعے قدرتی غذائیت اور خالص پن پر زور دیا گیا۔ صارفین کی جانب سے اسے بے حد پذیرائی ملی اور اس کے لانچ کے آغاز سے ہی برانڈ ہیلتھ انڈیکس مثبت سمت میں بڑھ رہے ہیں۔ برانڈ نے اپنے لانچ سے اب تک 150bps سے زیادہ مارکیٹ شیئر بڑھالیا ہے۔ کھلے دودھ کے صارفین کی منتقلی کے لیے اولپرز نے ستمبر میں اپنے پورشن پیک پر پرائس پروموشن کا آغاز کیا، جس سے مثبت نتائج سامنے آئے۔

اسی طرح تازنگ کوئی بہتر بیسی کے ساتھ متعارف کروایا گیا ہے جو زیادہ کریمی چائے بناتا ہے، اس کی پیکجنگ بھی تبدیل کی گئی ہے جو تازنگ کو چائے کے متوالوں کی اولین پسندیدہ ثابت کرتی ہے۔ میڈیا مہم کے ساتھ، ملک بھر میں پاکستان کے سب سے بڑے ٹی برانڈ واٹل کے ساتھ کنزیومر پروموشن کا آغاز کیا گیا۔ آف سیزن کے باوجود، تازنگ کا مارکیٹ شیئر اپنے لانچ سے اب تک 100bps سے زائد بہتر ہو چکا ہے۔

کمپنی برانڈ ایکویٹی پر توجہ مرکوز رکھتے ہوئے کھلے دودھ کے صارفین کو ڈبے کے دودھ پر منتقل کر کے کیٹیگری کو بڑھاتی رہے گی جبکہ مارکیٹ شیئر میں اضافے کے لیے ہر ممکن ضروری اقدامات بھی کیے جائیں گے۔

## آئس کریم اور منجمد ڈیزرٹس سیکمنٹ

آئس کریم اور منجمد ڈیزرٹس سیکمنٹ نے رواں سال کے ابتدائی نو ماہ کے دوران اچھی کارکردگی دکھائی اور 3.2 بلین روپے کی آمدنی کی جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 6 فیصد زیادہ ہے۔ اس ترقی کا سبب اسمال کونز اور اسٹک والی پروڈکٹس ہیں۔ اس سال کی جدت میں چاکلیٹ چاک بار، فرنیچ پر الین ٹب، بک اور لمیٹڈ ایڈیشن و نیلا کیریمل کرینچ برک شامل ہیں، ان نئے فلیورز نے بھی آمدنی کے اضافے میں اہم کردار ادا کیا۔ اس کیٹیگری نے نہایت کامیابی کے ساتھ نو ماہ کے دوران ہمارے تیزی سے پھیلے 240 سے زائد ٹائونز میں رسائی کے ساتھ 4,500 کیپٹنس کو تبدیل کر دیا ہے۔



## ڈیری فارم سیگمنٹ

یہ سیگمنٹ کمپنی کے لیے مسلسل زیادہ پیداوار اور بلند معیار کے خام مال کا ماخذ ہے۔ اس شعبے نے نومبر کے دوران 65 ملین روپے منافع کا اندراج کیا جو کہ گزشتہ سال کی اسی مدت میں 38 ملین روپے تھا۔ اس کی بنیادی وجہ ڈالر کی قدر میں اضافے سے حیاتیاتی اثاثہ جات کی revaluation سے اضافہ ہے۔

## مالیاتی کارکردگی

30 ستمبر 2018 کو مکمل ہونے والے نومبر کے دوران کمپنی کی مالیاتی کارکردگی کا خلاصہ درج ذیل ہے۔

رقم ملین میں	30 ستمبر 2018 کو اختتام پذیر نومبر ماہ کی مدت		تبدیلی
	2018	2017	
خالص فروخت	23,942	27,136	(12%)
آپریٹنگ منافع	878	983	(11%)
فروخت کی شرح	3.7%	3.6%	
منافع بعد از ٹیکس	513	386	33%
فروخت کی شرح	2.1%	1.4%	
آمدنی فی شیئر	0.67	0.50	33%

## مستقبل کا منظر نامہ

کمپنی انضباطی اتھارٹیز کے ساتھ متحرک رہے گی تاکہ وفاقی اور صوبائی نوڈ کے قوانین اور انضباطی ناموافق چیزوں کو دور کیا جاسکے اور ان کی کم از کم پیچر ایزیشن (Pasteurization) کے ضابطہ کے مسودے کی تیاری میں مدد کی جائے اور ٹیکس قوانین کو حقیقت پسندانہ بنایا جائے تاکہ پراسسڈ ڈیری کے سیکشن 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 کیٹیگری میں اضافہ کیا جاسکے۔

فریز لینڈ کمپنا کے "فطرت کے ساتھ پرورش" کے عین مطابق، کمپنی بھروسے 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 پروڈکشن کے ہر مرحلے پر اپنے اعلیٰ غذائی حفاظت، استحکام اور شفافیت کے اصولوں پر کاربند رہے گی۔



علی احمد خان  
چیف ایگزیکٹو



عبدالصمد داؤد  
چیرمین

کراچی: 17 اکتوبر 2018

+92 (21) 352 960 00  
engrofoods.com

