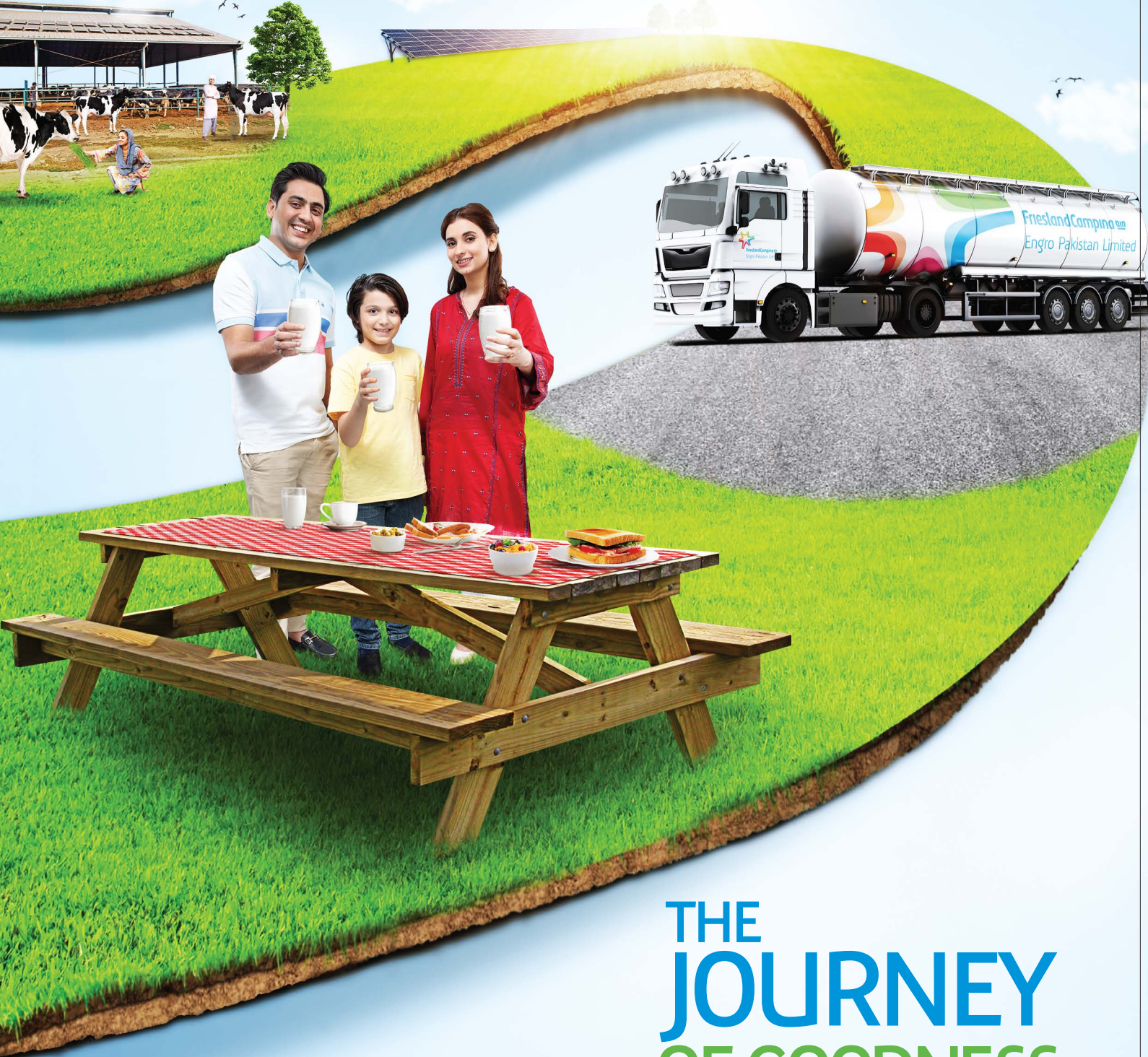




FrieslandCampina 
Engro Pakistan Limited



THE JOURNEY OF GOODNESS

FIRST QUARTER 2023

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company information

Board of Directors

Mr. Abdul Samad Dawood (Chairman)
Mr. Ali Ahmed Khan (CEO)
Mr. Abrar Hasan
Mr. Robert ter Borg
Ms. Petra Attje Zinkweg
Mr. Roeland Francois Van Neerbos
Mr. Zouhair Abdul Khaliq

Chief Financial Officer

Mr. Imran Husain

Company Secretary

Ms. Muneeza Iftikar

Members of Audit Committee

Mr. Abrar Hasan (Chairman)
Mr. Robert ter Borg
Mr. Zouhair Abdul Khaliq

The secretary of committee is
Ms. Maria Umar Memon, GM Internal Audit Department

Bankers

Conventional

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

Shariah Compliant

Meezan Bank Limited

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

Registered Office

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

DIRECTORS' REPORT

On behalf of the Board of Directors of FrieslandCampina Engro Pakistan Limited (a majority-owned subsidiary of FrieslandCampina Pakistan Holdings B.V.), we are pleased to submit the report and the condensed financial information of the Company for the three months ended March 31, 2023.

BUSINESS OVERVIEW

Despite challenging operating environment and slowdown in economic growth, the Company delivered a topline growth of 62% (revenue of PKR 22,651 million against PKR 13,971 million in the same period last year) on the back of volume growth, mix improvement, and distribution expansion supported by uninterrupted supplies by our agile supply chain. The Company delivered cost efficiencies across the value chain to offset inflation and currency devaluation and improved its gross margin and operating margin by 70 bps and 30 bps respectively. However, the profit after tax (Rs 990 million vs Rs 664 million same period last year) as a percentage of sales declined by 40 bps due to an increase in finance cost and taxation.

DAIRY-BASED PRODUCTS SEGMENT

With a growth of 66% versus Q1 2022, the segment reported a revenue of Rs. 21.2 billion. Olper's, our flagship brand, led the growth in the segment along with strengthening its market leadership position through consistent brand building and trade activities.

Olper's UHT continued to build reach of 'Happy Morning' campaign through TV, digital, social media & in-Store activities. The campaign establishes Olper's as an enabler of Happy Mornings for consumers by offering high-quality milk that is nutritious and delicious. These efforts helped drive Olper's household penetration and strengthened its Equity position within the Dairy Segment of Pakistan.

Our innovation Olper's Cheese has continued to grow in terms of volumes and distribution each month. The expansion of Olper's Cheese has been supported with communication across Digital, Radio, Out of Home, and integrations in Ramadan Cooking Shows and on famous YouTube channels. It has now become a strong favorite amongst consumers seeking high-quality nutritious and tasty Cheese.

Olper's Flavored Milk launched the campaign 'No Break in School Performance' in 2022, making the category relevant for children in the School Lunch Break occasion. Since then, the campaign has targeted consumers through key touchpoints including TV, Digital airing along with PR, Influencer Marketing campaigns, and activations that generate trials in schools. Olper's Flavored Milk has also been launched in a convenient weekly School Bundle pack. This was to further drive the Company's commitment to providing value propositions to its consumers. Building upon the momentum of last year Olper's Flavored Milk was also launched in a new innovative and refreshing flavor of Mango.

Our other brands like Olper's full cream milk powder (FCMP), Olper's Cream, and Tarang have also gained healthy market shares despite competition from established players.

FROZEN DESSERTS SEGMENT

The segment reported a revenue of Rs. 1,441 million, reflecting a growth of 19% versus same period last year. This growth has been enabled by the segment's planning & timely investment for opening the ice cream season.

The business continued to create excitement for consumers through the introduction of a new product Shahi Mango Stick. This new addition to the delicious portfolio represents a royal combination of juicy mangoes and crunchy almonds.

FINANCIAL PERFORMANCE

The financial performance of the company for the quarter ended March 31, 2023, is summarized below:

(Rs. in million)	For the Quarter ended March 31, 2023		Variation
	2023	2022	
Net Sales	22,651	13,971	62%
Operating Profit	1,982	1,184	67%
<i>% of sales</i>	8.8%	8.5%	+30 bps
Profit / (Loss) after tax	990	664	
<i>% of sales</i>	4.4%	4.8%	-40 bps
Earnings / (Loss) per share (Rs.)	1.29	0.87	

FRIESLANDCAMPINA PARTNER WITH ENGRO EXIMP FZE

In line with FrieslandCampina's global purpose of nourishing by nature, FCEPL is partnering with Engro Eximp FZE to expand its global footprint and enter new markets. The agreement will increase Pakistan's dairy exports bringing in much needed foreign exchange to the country while enriching farmers' livelihoods.

FUTURE OUTLOOK

The Company's profitability will remain challenged due to rising inflation, foreign exchange constraints, currency devaluation, higher finance cost, and import constraints. However, with an agile business model in place, the management is confident that it will be able to drive efficiencies and continue to deliver growth.

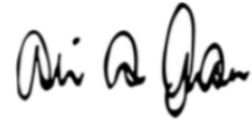
Dairy farmers are the backbone of the Company's supply chain, and the Company will continue to scale up its industry-leading Dairy Development Program, which is designed to ensure inclusive growth and increased profitability for our farmers. The business will continue to train the farmers with best practices to help them improve productivity, yield, and profits thereby supporting and improving the communities we operate in. The Business will also continue to remain committed to improving farmers' livelihoods with women-focused initiatives by

empowering women through the dairy value chain and helping them become successful dairy entrepreneurs.

The business will continue to invest behind brand equity and expand its profit accretive portfolio to leverage margins. Leveraging its global expertise and 150 years of heritage, the Company remains committed to the highest standards of hygiene, food safety, and sustainability and provides safe, affordable, and nourishing dairy products to millions of Pakistanis, every day.



Abdul Samad Dawood
Chairman



Ali Ahmed Khan
Chief Executive officer

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED

**CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2023**

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2023

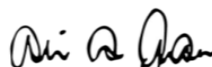
(Amounts in thousand)

	Note	Unaudited March 31, 2023	Audited December 31, 2022
----- Rupees -----			
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	9,921,135	9,857,619
Biological assets		2,200,288	2,167,920
Intangibles		24,905	29,622
Right-of-use assets		832,496	729,465
Long term deposits		128,808	129,489
		13,107,632	12,914,115
Current Assets			
Stores, spares and loose tools	5	713,622	413,963
Stock-in-trade	6	17,146,738	7,566,388
Trade debts		2,272,958	1,902,141
Advances, deposits and prepayments		943,482	656,501
Accrued mark-up / interest		-	25,767
Other receivables		410,440	355,747
Sales tax recoverable		5,972,076	4,891,189
Taxes recoverable		1,996,694	2,196,246
Short term investments		-	2,000,000
Cash and bank balances		836,359	1,824,554
		30,292,369	21,832,496
TOTAL ASSETS		43,400,001	34,746,611
EQUITY AND LIABILITIES			
Equity			
Share capital		7,665,961	7,665,961
Share premium		865,354	865,354
Employee share option compensation reserve		1,267	1,267
Remeasurement of post employment benefits - Remeasurement loss		(274,156)	(274,156)
Unappropriated profit		5,421,608	4,431,245
		13,680,034	12,689,671
Non-Current Liabilities			
Long term:			
- finances		750,000	750,000
- lease liability against right-of-use assets		519,401	437,691
Deferred tax liability - net		76,212	41,597
		1,345,613	1,229,288
Current Liabilities			
Current portion of long term:			
- finances		1,450,000	1,569,643
- lease liability against right-of-use assets		286,590	268,338
Trade and other payables		21,431,680	17,916,403
Contract liabilities		395,349	765,448
Unclaimed dividend		6,792	6,882
Accrued interest / mark-up on:			
- long term finances		121,035	72,287
- short term finances		413,319	228,651
Short term finances	7	4,269,589	-
		28,374,354	20,827,652
Contingencies and Commitments			
	8		
TOTAL EQUITY AND LIABILITIES		43,400,001	34,746,611

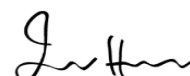
The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Chief Financial Officer

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2023

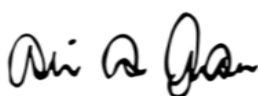
(Amounts in thousand except for earnings per share)

	Note	Quarter ended March 31,	
		2023	2022
----- Rupees -----			
Revenue from contracts with customers - net		22,650,926	13,970,964
Cost of sales		(18,293,886)	(11,379,621)
Gross profit		4,357,040	2,591,343
Distribution and marketing expenses		(1,956,334)	(1,142,120)
Administrative expenses		(429,409)	(359,993)
Other operating expenses		(265,298)	(71,975)
Other income		276,192	166,755
Operating profit		1,982,191	1,184,010
Finance cost		(490,557)	(250,034)
Profit before taxation		1,491,634	933,976
Taxation		(501,271)	(270,247)
Profit for the period		990,363	663,729
Earnings per share - basic and diluted	9	1.29	0.87

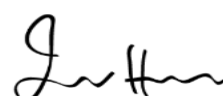
The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Chief Financial Officer

**FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2023**

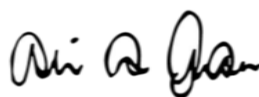
(Amounts in thousand)

	Quarter ended March 31,	
	2023	2022
	----- Rupees -----	
Profit for the period	990,363	663,729
Other comprehensive income	-	-
Total comprehensive income for the period	990,363	663,729


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



Chairman



Chief Executive Officer



Chief Financial Officer

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2023

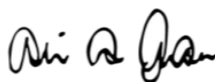
(Amounts in thousand)

	Share capital	RESERVES				Total
		CAPITAL		REVENUE		
		Share premium	Employee share option compensation reserve	Remeasurement of post employment benefits	Unappropriated profit	
----- Rupees -----						
Balance as at January 1, 2022 (Audited)	7,665,961	865,354	43,093	(170,910)	1,923,746	10,327,244
Profit for the period	-	-	-	-	663,729	663,729
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	663,729	663,729
Balance as at March 31, 2022 (Unaudited)	<u>7,665,961</u>	<u>865,354</u>	<u>43,093</u>	<u>(170,910)</u>	<u>2,587,475</u>	<u>10,990,973</u>
Balance as at January 1, 2023 (Audited)	7,665,961	865,354	1,267	(274,156)	4,431,245	12,689,671
Profit for the period	-	-	-	-	990,363	990,363
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	990,363	990,363
Balance as at March 31, 2023 (Unaudited)	<u>7,665,961</u>	<u>865,354</u>	<u>1,267</u>	<u>(274,156)</u>	<u>5,421,608</u>	<u>13,680,034</u>

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



Chairman



Chief Executive Officer



Chief Financial Officer

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2023

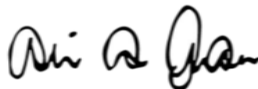
(Amounts in thousand)

	Note	Quarter ended March 31,	
		2023	2022
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	(6,418,222)	(1,736,154)
Finance costs paid		(234,663)	(151,794)
Taxes paid		(267,104)	(83,075)
Contribution to retirement benefits fund		(16,387)	(13,677)
Long term deposits - net		681	(17,863)
Net cash generated from operating activities		(6,935,695)	(2,002,563)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of:			
- property, plant and equipment		(391,627)	(348,634)
- intangibles		(387)	(2,994)
Proceeds from disposal of:			
- property, plant and equipment		65,542	15,009
- biological assets		106,722	47,869
Income received on short term investments		126,475	21,264
Net cash utilized in investing activities		(93,275)	(267,486)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finances		(119,643)	(119,642)
Dividend paid		(90)	(30)
Repayment of lease liability against right-of-use assets		(109,080)	(93,051)
Net cash utilized in financing activities		(228,813)	(212,723)
Net decrease in cash and cash equivalents		(7,257,784)	(2,482,772)
Cash and cash equivalents at beginning of the period		3,824,554	1,883,178
Cash and cash equivalents at end of the period	11	(3,433,230)	(599,594)

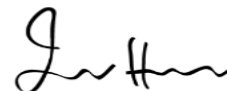
The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Chief Financial Officer

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2023

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

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

2. BASIS OF PREPARATION

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

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

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

- 2.2 These condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2022.
- 2.3 The preparation of these condensed interim financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty are the same as those that were applied to the financial statements for the year ended December 31, 2022, unless otherwise specified.

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 financial statements for the year ended December 31, 2022, except in respect of taxes on income, which has been accrued in the interim period using the tax rate that would be applicable to expected total annual profit / (loss).
- 3.2 There are certain standards and amendments to accounting and reporting standards that are not yet effective and are considered either not to be relevant or to have any significant impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

(Amounts in thousand)

4. PROPERTY, PLANT AND EQUIPMENT	Unaudited	Audited
	March 31, 2023	December 31, 2022
	----- Rupees -----	
Operating assets, at net book value (notes 4.1, 4.2 and 4.3)	9,039,751	9,053,759
Capital work-in-progress (note 4.3)	617,850	605,888
Major spare parts and stand-by equipment	263,534	197,972
	<u>9,921,135</u>	<u>9,857,619</u>

		Unaudited	
		Quarter ended March 31, 2023	2022
		----- Rupees -----	
4.1	Following additions, including transfers from capital work-in-progress, were made to operating assets during the period:		
	Buildings on freehold land	106,955	18,209
	Plant, machinery and related equipment	168,693	198,000
	Computer equipment	3,484	9,936
	Office equipment and furniture & fittings	9,626	895
	Vehicles	91,294	10,021
		<u>380,052</u>	<u>237,061</u>

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

	Cost	Accumulated depreciation / impairment	Net book value	Sales proceeds	Mode of disposal
----- Rupees -----					
Plant, machinery and related equipment	330,482	(302,389)	28,093	39,779	Sold to Third Party
Computer equipment	8,234	(8,211)	23	916	Employee Buybacks and Insurance
Office equipment and furniture & fittings	23,594	(22,339)	1,255	3,886	Sold to Third Party
Freezers and Trikes	22,571	(21,486)	1,085	8,570	Sold to Third Party
Vehicles	33,124	(25,756)	7,368	12,391	Employee Buybacks and Insurance
March 31, 2023	<u>418,005</u>	<u>(380,181)</u>	<u>37,824</u>	<u>65,542</u>	
March 31, 2022	<u>39,700</u>	<u>(29,019)</u>	<u>10,681</u>	<u>15,009</u>	

(Amounts in thousand)

	Unaudited		
	Quarter ended March 31,		
	2023	2022	
	----- Rupees -----		
4.3	Following additions were made to capital work-in-progress during the period:		
	Buildings on freehold land	10,294	7,229
	Plant, machinery and related equipment	307,366	337,849
	IS and milk automation projects	387	2,994
	Office equipment, furniture & fittings and computer equipment	13,834	147
	Vehicles	60,133	3,409
	<u>392,014</u>	<u>351,628</u>	
4.4	Following transfers were made from capital work-in-progress during the period:		
	- Operating assets	(380,052)	(237,061)
	- Intangibles	-	(2,993)
	<u>(380,052)</u>	<u>(240,054)</u>	

5. STORES, SPARES AND LOOSE TOOLS

These includes provision against expired / obsolete stores and spares amounting to Rs. 380,475 (December 31, 2022: Rs. 351,685).

	Unaudited	Audited	
	March 31,	December 31,	
	2023	2022	
	----- Rupees -----		
6. STOCK-IN-TRADE			
	Raw and packaging material (note 6.1)	6,028,974	4,158,358
	Work in process (note 6.2)	8,209,573	1,177,704
	Finished goods (notes 6.3)	3,047,814	2,350,185
	<u>17,286,361</u>	<u>7,686,247</u>	
	Less: Provision for expired / obsolete stock	(139,623)	(119,859)
	<u>17,146,738</u>	<u>7,566,388</u>	

6.1 Includes Rs. 2,940,057 (December 31, 2022: Rs. 757,808) held by third parties.

6.2 Includes Rs. 1,952,124 (December 31, 2022: Rs. 1,829,099) held by third parties.

6.3 Includes Rs. 2,423,727 (December 31, 2022: Rs. 556,309) held by third parties and Rs. 26,377 (December 31, 2022: 418) in respect of finished goods carried at net realizable value.

6.4 Stock amounting to Rs. 8,172 (March 31, 2022: Rs. Nil) has been written-off against provision during the period.

7. SHORT TERM FINANCES - secured

7.1 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. 7,750,000 (December 31, 2022: Rs. 7,750,000). The unutilized balance against these facilities as at March 31, 2023 was Rs. 3,433,230 (December 31, 2022: Rs. 7,750,000). The rates of mark-up on these finances are KIBOR based and range from 16.43% to 19.97% (December 31, 2022: 15.71% to 17.08%) per annum. These facilities are secured by way of floating charge upon all the present and future current assets of the Company.

7.2 The facilities for opening letters of credit and bank guarantees as at March 31, 2023 amounts to Rs. 17,590,000 (December 31, 2022: Rs. 17,150,000), of which the amount remaining unutilized as at March 31, 2023 was Rs. 3,261,731 (December 31, 2022: Rs. 12,682,582).

(Amounts in thousand)

8. CONTINGENCIES AND COMMITMENTS

There is no significant change in the matters disclosed in notes 14, 25 and 33.2 to the financial statements for the year ended December 31, 2022, except for the following:

- Commitments in respect of capital expenditure contracted for but not incurred as at March 31, 2023 amounts to Rs. 747,327 (December 31, 2022: Rs. 1,239,977).
- Commitments in respect of purchase of certain commodities as at March 31, 2023 amounts to Rs. 1,485,720 (December 31, 2022: Rs. 309,439).
- The DCIR conducted examination of withholding obligation of the Company for tax year 2020 and passed an order on December 29, 2022 raising a demand of Rs. 30,712, which has been paid by the Company under protest. On January 25, 2023 the Company has filed an appeal to CIR (A) against the order which is pending for adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- On November 25, 2022, Deputy Commissioner Inland Revenue (DCIR) issued an order under section 4C of the ITO to recover Super tax for tax year 2022 @ 4% amounting to Rs.158,802. On February 27, 2023 CIR (A) issued order against the appeal filed on December 24,2023 and directed the department to adjust the demand against the available income tax refunds. The Company intends to file an appeal to ATIR against the order.
- On October 25, 2022 DCIR raised demand of Rs 150,402 against the inappropriate apportionment of input tax in the monthly sales tax returns for the period July 2020 to June 2021. On November 23, 2022 CIR A issued an order against the appeal filed and remand back the order to DCIR for further verification. DCIR has not initiated the remand back proceedings. On February 10, 2023 the Company has filed appeal to ATIR against the CIR A order which is pending for adjudication.
- Pursuant to the directions of Lahore High Court (LHC), the Collector of Customs has confirmed the ruling of the classification committee dated March 15, 2022 against the taxpayers. Appeal filed in Supreme Court of Pakistan (SCP) against the LHC order is still pending adjudication. The Company expects a favorable outcome, based on the opinion of its legal counsel.

9. EARNINGS PER SHARE - Basic and diluted

	Quarter ended March 31,	
	2023	2022
	----- Rupees -----	
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Profit for the period	990,363	663,729
	----- Number of shares -----	
Weighted average number of ordinary shares for determination of basic and diluted EPS	766,596,075	766,596,075
Earnings per share	1.29	0.87

(Amounts in thousand)

	Unaudited	
	Quarter ended March 31,	2022
	2023	2022
	----- Rupees -----	
10. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,491,634	933,976
Adjustment for non-cash charges and other items:		
- Depreciation on property, plant and equipment	368,662	480,621
- Depreciation on right-of-use asset	84,662	52,436
- (Reversal of) / Provision for impairment of operating assets - net	(12,426)	407
- Amortization of intangibles	4,717	7,301
- Gain on death / disposal of biological assets	(14,516)	(5,332)
- Gain on disposal of operating assets	(27,718)	(4,327)
- Gain on derecognition of right of use asset	(1,129)	-
- Gain arising from changes in fair value less estimated point-of-sale costs of biological assets	(124,574)	(144,169)
- Provision for retirement and other service benefits	38,998	27,608
- Provision / (Reversal of provision) for impairment of stock-in-trade	14,056	(15,770)
- Provision for slow moving spares - net	1,513	28,899
- (Reversal of provision) / Provision for impairment of trade debts	(2,168)	2,197
- Government grant recognized as income	-	(6,103)
- Exchange loss / (gain)	149,919	(2,506)
- Interest income on short term investments	(100,708)	-
- Finance cost on short term and long term finances including bank charges	468,079	237,049
- Finance cost on lease liability against right-of-use assets	22,478	12,985
Working capital changes (note 10.1)	(8,779,702)	(3,341,426)
	<u>(6,418,222)</u>	<u>(1,736,154)</u>
10.1 Working capital changes		
(Increase) / Decrease in current assets		
- Stores, spares and loose tools	(366,734)	(80,732)
- Stock-in-trade	(9,594,406)	(5,437,770)
- Trade debts	(368,649)	(349,371)
- Advances, deposits and prepayments	(286,981)	197
- Other receivables	(54,693)	(77,441)
- Sales tax recoverable	(1,080,887)	(399,030)
	<u>(11,752,350)</u>	<u>(6,344,147)</u>
Increase / (Decrease) in current liabilities		
- Trade and other payables	3,342,747	2,962,488
- Contract liabilities	(370,099)	40,233
	<u>2,972,648</u>	<u>3,002,721</u>
	<u>(8,779,702)</u>	<u>(3,341,426)</u>
11. CASH AND CASH EQUIVALENTS		
Cash and bank balances	836,359	356,677
Short term finances	(4,269,589)	(956,271)
	<u>(3,433,230)</u>	<u>(599,594)</u>
12. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS		
12.1 Financial risk factors		
The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.		
There have been no changes in the risk management policies during the period, consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.		
12.2 Fair value of financial assets and liabilities		
The carrying value of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values.		

(Amounts in thousand)

13. FAIR VALUE MEASUREMENT

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

Fair value hierarchy

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

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

As at March 31, 2023 and December 31, 2022, the Company did not have any financial instruments which were measured at fair values.

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

14. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	Unaudited	
		Quarter ended March 31, 2023	Quarter ended March 31, 2022
		Rupees	
Associated companies / undertakings	Arrangement for sharing of premises, utilities, personnel and assets	6,264	30,062
	Fee for technical assistance	512,318	283,675
	Reimbursement of expenses received / receivable from the company	36,323	29,762
	Reimbursement of expense paid / payable on behalf of the Company	7,659	1,912
	Purchases of goods and services	18,366	34,784
	Sale of goods	12,938	-
	Donation	3,125	-
Contribution for staff retirement funds	Managed and operated by Engro Corporation Limited		
	- Gratuity funds	18,201	27,608
	- Provident fund	107,548	96,368
Key management personnel including the Chief Executive Officer but not other Directors	Managerial remuneration	74,161	67,576
	Contribution for staff retirement benefits	7,682	9,614
	Bonus payment	-	-
Other Directors	Fee	1,092	699

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

(Amounts in thousand)

15. SEGMENT INFORMATION

15.1 The basis of segmentation and reportable segments presented in these condensed interim financial statements is the same which was disclosed in financial statements for the year ended December 31, 2022.

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

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

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

	Unaudited Quarter ended March 31, 2023			Unaudited Quarter ended March 31, 2022		
	Dairy based products	Frozen desserts	Total	Dairy based products	Frozen desserts	Total
-----Rupees-----						
Results for the period						
Net sales	21,367,249	1,440,677	22,807,926	12,804,072	1,211,212	14,015,284
Inter-segment sales	(157,000)	-	(157,000)	(44,320)	-	(44,320)
	<u>21,210,249</u>	<u>1,440,677</u>	<u>22,650,926</u>	<u>12,759,752</u>	<u>1,211,212</u>	<u>13,970,964</u>
Net Profit / (Loss) after tax	1,038,192	(47,829)	990,363	778,565	(114,835)	663,729
-----Rupees-----						
Assets						
- Segment assets	27,834,636	5,144,933	32,979,569	18,678,211	3,765,144	22,443,355
- Un-allocated assets	-	-	10,420,432	-	-	12,303,256
	<u>27,834,636</u>	<u>5,144,933</u>	<u>43,400,001</u>	<u>18,678,211</u>	<u>3,765,144</u>	<u>34,746,611</u>

16. SEASONALITY

The Company's businesses are subject to seasonal fluctuation, with demand of frozen desserts and dairy based products increasing in summer. The Company's dairy business is also subject to seasonal fluctuation due to lean and flush cycles of milk collection. Therefore, revenues and profits for the quarter ended March 31, 2023 are not necessarily indicative of result to be expected for the full year.

17. CORRESPONDING FIGURES

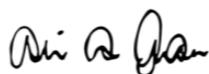
In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of annual financial statements of preceding financial year and condensed interim statement of profit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

18. DATE OF AUTHORIZATION FOR ISSUE


These condensed interim financial statements were authorized for issue on April 18, 2023 by the Board of Directors of the Company.



Chairman



Chief Executive Officer



Chief Financial Officer

فریز لینڈ کمپنا اینگرو پاکستان لمیٹڈ

ڈائریکٹرز رپورٹ

DIRECTOR'S REPORT

فریز لینڈ کمپنا اینگرو پاکستان لمیٹڈ (فریز لینڈ کمپنا پاکستان ہولڈنگز B.V. کی اکثریتی ملکیتی ماتحت کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے 31 مارچ 2023 کو ختم ہوئے رواں سال کے ابتدائی 3 ماہ کی رپورٹ اور کمپنی کی عبوری مالی معلومات پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

کاروباری جائزہ

BUSINESS REVIEW

آپریٹنگ ماحول میں چیلنجز اور معاشی ترقی میں سست روی کے باوجود کمپنی کے آمدن میں 62 فیصد کا نمایاں اضافہ ہوا اور جنوری تا مارچ 2023 میں کمپنی کو 22,651 ملین روپے کی آمدن ہوئی، جو گزشتہ سال کی اسی مدت میں 13,971 ملین روپے تھی۔ کمپنی کی آمدن کے اضافے کی وجہ کمس میں بہتری اور بلا تعطل سپلائی چین کے ذریعے تقسیم و توسیع کے اقدامات ہیں۔ مہنگائی میں اضافے اور روپے کی قدر میں کمی کے باوجود کمپنی نے ویلیو چین کی کارکردگی بڑھانے کے لیے اقدامات کرتے ہوئے مجموعی مارجن اور آپریٹنگ مارجن کو بالترتیب 70 بی پی ایس اور 30 بی پی ایس تک بہتر بنایا۔ تاہم بعد از ٹیکس منافع (جنوری تا مارچ 2022 کے 664 ملین روپے کے مقابلے میں 990 ملین روپے) فروخت میں کمی، مالیاتی لاگت اور ٹیکسز میں اضافے کے باعث 40 بی پی ایس کم ہو گیا۔

ڈیری پر مبنی مصنوعات کا شعبہ

DAIRY BASED PRODUCTS SEGMENT

سال 2022 کی پہلی سہ ماہی کے مقابلے میں 66 فیصد اضافے سے ڈیری پر مبنی مصنوعات کے شعبے کی آمدن 21.2 ارب روپے رہی۔ کمپنی کے فلیگ شپ برانڈ اولپر نے مسلسل برانڈ بلڈنگ اور تجارتی سرگرمیوں کے ذریعے مارکیٹ لیڈر کے طور پر اپنی پوزیشن کو مستحکم بناتے ہوئے شعبے کی ترقی میں اہم کردار ادا کیا۔

اولپر زیوا بیج ٹی کی ”پپی مارنگ“، تھیم کے ساتھ تشہیری مہم ٹی وی، ڈیجیٹل، سوشل میڈیا اور اسٹورز میں جاری رہی۔ اس مہم کے ذریعے اولپر کے اعلیٰ معیار کے دودھ کی اہمیت کو اجاگر کیا گیا، جو غذائیت سے بھرپور اور مزیدار ہے اور صارفین کی صبح کو خوشگوار بناتا ہے۔ ان اقدامات کے ذریعے اولپر کی گھروں میں رسائی میں اضافہ اور پاکستانی ڈیری شعبے کی مالیاتی پوزیشن مستحکم ہوئی۔

اولپر چیز کے کاروباری حجم اور فروخت میں ہر گزرتے ماہ کے ساتھ اضافہ ہو رہا ہے۔ اولپر چیز کی رسائی بڑھانے کے لیے ڈیجیٹل، ریڈیو، رمضان کوکنگ شووز اور مشہور یوٹیوب چینلز کا تعاون حاصل کیا گیا، جس کی وجہ سے غذائیت سے بھرپور اعلیٰ معیار کی لڈیڈ اولپر چیز صارفین کی اولین ترجیح بن گئی ہے۔

اولپر زلفیور ڈمک کو 2022 میں 'No Break in School Performance' کی تشہیری مہم کے ساتھ متعارف کرایا گیا تھا، جس نے بچوں

کے اسکول لنچ بریک میں لازمی جگہ بنالی ہے۔ اس مہم میں ٹی وی، ڈیجیٹل میڈیا، پی آر، انفلوئنسر، مارکیٹنگ تقریبات اور اسکولوں میں کی گئی آزمائشی سرگرمیوں کے ذریعے صارفین تک رسائی حاصل کی گئی۔ اولپر زفلوریوڈملک نے مناسب قیمت پر ہفتہ وار اسکول بنڈل پیک میں بھی متعارف کرایا۔ یہ اقدام کمپنی کے لیے صارفین کی اہمیت کا اجاگر کرتا ہے۔ گزشتہ سال صارفین کی پسندیدگی کو دیکھتے ہوئے اولپر زفلوریوڈملک آم کے نئے تازگی بخش ذائقے میں متعارف کرایا گیا۔

کمپنی کی دیگر مصنوعات جیسے اولپر زفل کریم ملک پاؤڈر (ایف سی ایم پی)، اولپر زکریم اور ترنگ نے سخت مسابقت کے باوجود مارکیٹ میں اپنی جگہ بنالی ہے۔

منجھدیٹھوں کا شعبہ

FROZEN DESSERTS SEGMENT

رواں سال کی پہلی سہ ماہی میں Frozen Desserts کے شعبے کی آمدن 1,441 ملین روپے رہی، جو گزشتہ سال کی اسی مدت کے مقابلے میں 19 فیصد نمو کو ظاہر کرتی ہے۔ اس ترقی کی وجہ آئس کریم سیزن کے آغاز پر شعبے میں کی گئی منصوبہ بندی اور بروقت سرمایہ کاری ہے۔

ایک نیا پروڈکٹ شاہی میگو اسٹک متعارف کرا کر صارفین کے جوش و خروش میں اضافہ کیا گیا۔ کمپنی کے پورٹ فولیو میں یہ نیا اضافہ رس بھرے آموں اور کرچی باداموں کے ساتھ شاہی امتزاج کی نمائندگی کرتا ہے۔

مالیاتی کارکردگی

FINANCIAL PERFORMANCE

31 مارچ 2023 کو ختم ہوئی رواں سال کی پہلی سہ ماہی میں کمپنی کی مالیاتی کارکردگی کا جائزہ درج ذیل میں دیکھا جاسکتا ہے۔

رواں سال کی پہلی سہ ماہی کا اختتام 31 مارچ 2023

تغیرو تبدیلی فیصد میں	2022	2023	ملین روپے
62%	13,971	22,651	خالص فروخت
67%	1,184	1,982	آپریٹنگ منافع
+30 پیس پوائنٹس	8.5%	8.8%	فروخت کا فیصد (%)
	664	990	بعد از ٹیکس منافع
-40 پیس پوائنٹس	4.8%	4.4%	فروخت کا فیصد (%)
	0.87	1.29	نی حصص منافع (روپے)

ایف سی ای پی ایل کا اینگرو ایگزیمپ ایف زیڈ ای سے اشتراک

FRIESLANDCAMPINA PARTNER WITH ENGRO EXIMP FZE

فریز لینڈ کمپنی نے Nourishing by Nature کے اپنے عالمی وژن کی مطابقت سے اینگرو ایگزیمپ ایف زیڈ ای سے شراکت داری کی ہے، جس کا مقصد عالمی سطح پر قدم بڑھاتے ہوئے نئی منڈیوں کی تلاش ہے۔ یہ معاہدہ پاکستان کی ڈیری مصنوعات کی برآمدات میں اضافہ کرے گا، جس سے ڈیری فارمرز کے ذریعہ معاش کو بہتر بنانے کے ساتھ ملک کے زیادہ سے زیادہ زر مبادلہ کا حصول ممکن ہوگا۔

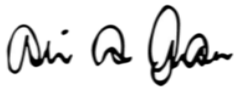
مستقبل کا جائزہ

FUTURE OUTLOOK

بڑھتی ہوئی مہنگائی، زر مبادلہ ذخائر کے حصول میں مشکلات، کرنسی کی قدر میں کمی، مالیاتی لاگت میں اضافے اور درآمدات میں مشکلات کے باعث کمپنی کے منافع پر دباؤ رہا۔ تاہم ایک اچھے کاروباری ماڈل کے ساتھ کمپنی کی انتظامیہ پُر اعتماد ہے کہ وہ استعداد کار بڑھاتے ہوئے ترقی کے سفر کو جاری رکھے گی۔

ڈیری فارمرز کمپنی کی سپلائی چین میں ریڑھ کی ہڈی کی حیثیت رکھتے ہیں اور ہمیں اپنی صنعت کے معروف ڈیری ڈیولپمنٹ پروگرام (ڈی ڈی پی) پر فخر ہے، جو کہ ڈیری فارمرز کی جامع ترقی کو یقینی بنانے کے لیے ترتیب دیا گیا ہے۔ اس پروگرام کے ذریعے ڈیری فارمرز کی عالمی معیار کے مطابق تربیت کی جاتی ہے، تاکہ دودھ کی پیداوار میں اضافے کے ساتھ ڈیری فارمرز کی آمدن میں بھی اضافہ ہو۔ اس طرح ہم کمپنی سے وابستہ کمیونٹی کی مدد اور ان کے معیار زندگی کو بہتر بنانے چاہتے ہیں۔ خواتین پر مبنی اقدامات اور ڈیری ویلیو چین کے ذریعے خواتین کو بااختیار بنا کر کمپنی انہیں کامیاب ڈیری انٹرپرائیور بنانا چاہتی ہے، اور اس کے ذریعے ڈیری فارمرز کے ذریعہ معاش میں بہتری کے لیے پُر عزم ہے۔

کمپنی برانڈ ایکویٹی میں سرمایہ کاری کرتی رہے گی اور مارجن سے فائدہ اٹھانے کے لیے اپنے منافع بخش پورٹ فولیو کو وسعت دے گی۔ اپنی عالمی مہارت اور 150 سال سے زائد کے ورثے سے فائدہ اٹھاتے ہوئے ایف سی ای پی ایل حفظان صحت، خوراک کی حفاظت اور پائیداری کے اعلیٰ ترین معیارات کے ساتھ لاکھوں پاکستانیوں کو روزانہ محفوظ، سستی اور صحت بخش ڈیری مصنوعات فراہم کرنے کے لیے پُر عزم ہے۔



علی احمد خان

چیف ایگزیکٹو آفیسر



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