



FrieslandCampina
Engro Pakistan Limited



NOURISHING TOMORROW
ONE DREAM AT A TIME

Third Quarter
2025

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COMPANY INFORMATION

Board of Directors

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

Chief Financial Officer

Imran Husain

Company Secretary

Wajiha Hasan

Members of the Audit Committee

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

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

Banks Conventional

Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
Bank Al-Habib Limited
Citibank N.A.
Habib Bank Limited
Habib Metropolitan Bank Limited

MCB Bank Limited
National Bank of Pakistan
Samba Bank Limited
Standard Chartered Bank Pakistan Limited
Bank Makramah Limited
United Bank Limited
The Bank of Punjab
JS Bank Limited

Shariah Compliant

Meezan Bank Limited
Faysal Bank limited
Dubai Islamic Bank

Auditors

A.F. Ferguson & Company
Chartered Accountants

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

Share Registrar

M/s. FAMCO Share Registration Services
(Private) Limited
8-F, Next to Hotel Faran, Block-6, PECHS,
Shahrah-e-Faisal Karachi – Pakistan
Tel: +92(21) 34380104-5, 34384621-3
Fax: +92(21) 34380106

Registered Office

5th Floor, The Harbor Front Building
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Karachi – 75600, Pakistan.
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Fax: +92 (21) 35296010
E-mail: shareholders.pk@frieslandcampina.com
Website: www.frieslandcampina.com.pk



**FrieslandCampina Engro Pakistan Limited
(Formerly Engro Foods Limited)**

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75600 Pakistan.

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www.frieslandcampina.com.pk

DIRECTORS' REPORT

The Directors of FrieslandCampina Engro Pakistan Limited (a majority-owned subsidiary of FrieslandCampina Pakistan Holdings B.V.) (the "Company") are pleased to submit the report along with the condensed financial information of the Company for the quarter ended 30th September 2025.

BUSINESS PERFORMANCE OVERVIEW

The packaged milk category continues to remain in decline post the imposition of sales tax last year. The company has focused on execution and partially gained back volumes and has also grown its market share. Although our revenue is lower by 2.8% on year-to-date basis (PKR 80.2 billion vs PKR 82.5 billion same period last year), gross margins have improved by 130bps due to cost rationalization and better product mix. The improved margins have resulted in incremental operating profit of Rs 1 billion vs same period last year.

DAIRY-BASED PRODUCTS SEGMENT

Revenue for the period stood at PKR 69.9 billion, representing a 5% decline compared to the same period last year. This was primarily attributable to the impact of sales tax on UHT milk. During the quarter we have launched the new 'Khalis Kay Rakhwalay' campaign to strengthen brand purity credentials and activated it across TV, digital & in-store touchpoints. Continued focus and investment on Olper's Cream and Flavored milk has delivered volume growth despite competition from established players.

FROZEN DESSERTS SEGMENT

Sustaining growth momentum, Frozen Dessert category has successfully delivered a 15% value growth since last year generating a revenue of PKR 10.4 billion. The segment continued to introduce innovative offerings at attractive price points while optimizing the product portfolio.

FINANCIAL PERFORMANCE

The financial performance of the company for the period ending September 30, 2025, is summarized below:

(Rs.in million except EPS)	Nine month ended		Variation
	2025	2024	
Net Sales	80,232	82,512	-2.8%
Operating Profit	6,957	5,941	+17.1%
<i>% of sales</i>	8.7%	7.2%	+147 bps
Profit after tax	2,091	2,019	+3.6%
<i>% of sales</i>	2.6%	2.4%	159 bps
Earnings per share (Rs.)	2.73	2.63	

FUTURE OUTLOOK

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

The company remains committed to maintaining its market position and ensuring the highest quality of products for our consumers. As an agile organization, we will continue to respond to consumer needs through in-market initiatives and by offering relevant product propositions.

We will also persist in driving efficiencies across our value chains and optimizing our investments to enhance the overall financial health of the business, thereby generating greater value for our shareholders.

Leveraging its global expertise and 150 years heritage, FCEPL remains committed to the highest standards to hygiene, food safety and sustainability and providing safe, affordable, and nourishing dairy products to millions of Pakistanis, every day.



Abdul Samad Dawood

Chairman



Kashan Hasan

Chief Executive Officer

Karachi : 16 October 2025

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2025

(Amounts in thousand)

	Note	Unaudited September 30, 2025	Audited December 31, 2024
-----Rupees-----			
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	11,520,641	12,407,339
Biological assets		3,507,458	3,380,848
Intangible assets		41,520	51,246
Right-of-use assets		1,659,865	1,667,486
Deferred tax asset - net	7	-	715,639
Long term advances and deposits		492,322	314,269
		<u>17,221,806</u>	<u>18,536,827</u>
Current Assets			
Stores, spares and loose tools	5	1,029,089	962,255
Stock-in-trade	6	10,070,700	9,361,738
Trade debts		1,625,325	1,368,890
Advances, deposits and prepayments		623,155	665,091
Accrued mark-up / interest		13,523	34,364
Other receivables		502,147	922,853
Sales tax recoverable - net		1,278,960	5,056,428
Taxes recoverable		1,338,445	1,956,081
Short-term investments		3,562,200	65,000
Cash and bank balances		2,464,635	2,745,744
		<u>22,508,179</u>	<u>23,138,444</u>
TOTAL ASSETS		<u><u>39,729,985</u></u>	<u><u>41,675,271</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		7,665,961	7,665,961
Share premium		865,354	865,354
Remeasurement of post employment benefits - Remeasurement loss		(217,897)	(217,897)
Unappropriated profit		8,088,608	8,144,426
		<u>16,402,026</u>	<u>16,457,844</u>
Non-Current Liabilities			
Long term:			
- finances		308,169	318,000
- lease liabilities against right-of-use assets		794,640	870,594
Deferred tax liability - net	7	800,774	-
		<u>1,903,583</u>	<u>1,188,594</u>
Current Liabilities			
Current portion of long term:			
- finances		9,831	-
- lease liabilities against right-of-use assets		518,768	593,823
Trade and other payables	8	16,636,795	11,857,311
Contract liabilities		459,030	936,579
Unclaimed dividend		8,711	6,668
Accrued interest / mark-up on:			
- long term finances		24,064	9,793
- short term finances		99,286	475,471
Supplier financing - unfunded		3,452,462	9,838,888
Short term finances	9	215,429	310,300
		<u>21,424,376</u>	<u>24,028,833</u>
		<u>23,327,959</u>	<u>25,217,427</u>
Contingencies and Commitments	10		
TOTAL EQUITY AND LIABILITIES		<u><u>39,729,985</u></u>	<u><u>41,675,271</u></u>

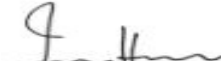
The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Chief Financial Officer

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

[Amounts in thousand except for earnings per share]

	Note	Quarter ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
		-----Rupees-----		-----Rupees-----	
Revenue from contracts with customers - net		27,745,281	27,488,436	80,232,209	82,512,181
Cost of sales		(23,133,512)	(23,255,371)	(65,838,189)	(68,809,856)
Gross profit		4,611,769	4,233,065	14,394,020	13,702,325
Distribution and marketing expenses		(1,936,959)	(1,779,327)	(5,738,492)	(6,301,739)
Administrative expenses		(447,043)	(482,155)	(1,482,811)	(1,379,414)
Other operating expenses		(126,149)	(162,974)	(502,085)	(386,591)
Other income		120,888	129,127	286,305	306,595
Operating profit		2,222,506	1,937,736	6,956,937	5,941,176
Finance costs		(295,088)	(789,531)	(1,096,581)	(2,718,201)
Profit before taxation		1,927,418	1,148,205	5,860,356	3,222,975
Taxation	11	(1,153,619)	(382,377)	(3,769,705)	(1,204,427)
Profit for the period		773,799	765,828	2,090,651	2,018,548
Earnings per share - basic and diluted	12	1.01	1.00	2.73	2.63

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



Chairman



Chief Executive Officer



Chief Financial Officer

**FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025**

(Amounts in thousand)

	Quarter ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
	----- Rupees -----		----- Rupees -----	
Profit for the period	773,799	765,828	2,090,651	2,018,548
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>773,799</u>	<u>765,828</u>	<u>2,090,651</u>	<u>2,018,548</u>

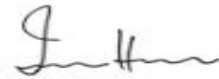
The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



Chairman



Chief Executive Officer



Chief Financial Officer

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

(Amounts in thousand)

	SHARE CAPITAL	RESERVES		TOTAL	
		CAPITAL Share premium	REVENUE Remeasurement of post employment benefits		Unappropriated profit
-----Rupees-----					
Balance as at January 1, 2024 (Audited)	7,665,961	865,354	(296,593)	5,941,298	14,176,020
Profit for the period	-	-	-	2,018,548	2,018,548
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,018,548	2,018,548
Balance as at September 30, 2024 (Unaudited)	7,665,961	865,354	(296,593)	7,959,846	16,194,568
Balance as at January 1, 2025 (Audited)	7,665,961	865,354	(217,897)	8,144,426	16,457,844
Transaction with owners:					
- Final dividend for the year ended December 31, 2024 @ Rs. 2.8 per share	-	-	-	(2,146,469)	(2,146,469)
Profit for the period	-	-	-	2,090,651	2,090,651
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,090,651	2,090,651
Balance as at September 30, 2025 (Unaudited)	7,665,961	865,354	(217,897)	8,088,608	16,402,026

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



Chairman



Chief Executive Officer



Chief Financial Officer

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

(Amounts in thousand)

Nine months ended
September 30,

	Note	2025	2024
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	9,287,022	1,513,097
Finance costs paid		(1,309,334)	(2,874,313)
Taxes paid		(1,635,656)	(1,257,376)
Contribution to defined benefit gratuity fund		(63,181)	(77,848)
Long term advances and deposits - net		(178,053)	(179,868)
Net cash generated from / (utilized in) operating activities		6,100,798	(2,876,308)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of :			
- property, plant and equipment		(401,416)	(1,945,383)
- intangible assets		(7,509)	(564)
- short term investment		(22,200)	-
Proceeds from disposal of:			
- property, plant and equipment		87,381	644,646
- biological assets		347,612	235,206
Interest income received		103,543	78,550
Net cash generated from / (utilized in) investing activities		107,411	(987,545)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(2,144,426)	(91)
Proceeds from / (repayment of) short term finance - net		169,255	(121,259)
Proceeds from long term finances		-	318,000
Repayment of long term finances		-	(500,000)
Repayment of lease liabilities against right-of-use assets		(775,021)	(588,817)
Net cash utilized in financing activities		(2,750,192)	(892,167)
Net increase / (decrease) in cash and cash equivalents		3,458,017	(4,756,020)
Cash and cash equivalents at beginning of the period		2,391,618	3,078,478
Cash and cash equivalents at end of the period	14	5,849,635	(1,677,542)

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



Chairman



Chief Executive Officer



Chief Financial Officer

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

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

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable on the Company in Pakistan for interim financial reporting comprise of:
- International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34), issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
 - Provisions of and directives issued under the Act.

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

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

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

3. MATERIAL ACCOUNTING POLICIES AND CHANGES THEREIN

- 3.1 The material accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2024.

(Amounts in thousand)

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

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

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT	Unaudited September 30, 2025	Audited December 31, 2024
	----- Rupees -----	
Operating assets at net book value (notes 4.1 & 4.2)	10,112,867	9,940,990
Capital work-in-progress (note 4.3)	594,351	1,639,044
Major spare parts and stand-by equipment	813,423	827,305
	<u>11,520,641</u>	<u>12,407,339</u>

4.1	Unaudited September 30, 2025	Audited December 31, 2024
	----- Rupees -----	
Following transfers from capital work-in-progress, were made to operating assets during the period:		
Buildings on freehold land	125,494	111,144
Plant, machinery and related equipment	1,245,406	1,487,824
Computer equipment	-	25,904
Office equipment and furniture & fittings	59,382	32,081
Vehicles	23,246	163,144
	<u>1,453,528</u>	<u>1,820,097</u>

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

	Cost	Accumulated depreciation / impairment	Net book value	Sales proceeds
	----- Rupees -----			
Plant, machinery and related equipment	192,544	(178,459)	14,085	51,694
Computer equipment	9,008	(8,444)	564	1,863
Office equipment	1,040	(988)	52	328
Vehicles	81,627	(70,386)	11,241	29,679
Leased assets	-	-	-	3,817
September 30, 2025 (Unaudited)	<u>284,219</u>	<u>(258,277)</u>	<u>25,942</u>	<u>87,381</u>
September 30, 2024 (Unaudited)	<u>880,806</u>	<u>(315,193)</u>	<u>565,613</u>	<u>644,646</u>

(Amounts in thousand)

		Unaudited	
		Nine months ended September 30,	
		2025	2024
		----- Rupees -----	
4.3	Following additions were made to capital work-in-progress during the period:		
	Buildings on freehold land	74,410	130,161
	Plant, machinery and related equipment	218,878	1,590,104
	Office equipment, furniture & fittings and computer equipment	84,882	61,620
	Vehicles	23,246	163,498
	Intangibles - IS and milk automation projects	7,509	564
		<u>408,925</u>	<u>1,945,947</u>

4.4 Operating assets amounting to Rs. 13,509 (September 30, 2024: Rs. 8,997) has been written-off against provision for impairment during the period.

5. STORES, SPARES AND LOOSE TOOLS

These are net of provision against expired / obsolete stores and spares amounting to Rs. 572,092 (December 31, 2024: Rs. 506,616).

		Unaudited	Audited
		September 30,	December 31,
		2025	2024
		----- Rupees -----	
6.	STOCK-IN-TRADE		
	Raw and packaging material (note 6.1)	4,153,324	4,949,215
	Work in process	2,791,400	1,772,837
	Finished goods (note 6.1)	3,432,138	2,889,541
		<u>10,376,862</u>	<u>9,611,593</u>
	Less: Provision for expired / obsolete stock (note 6.2)	<u>(306,162)</u>	<u>(249,855)</u>
		<u>10,070,700</u>	<u>9,361,738</u>

6.1 Stock amounting to Rs. 46,536 (September 30, 2024: Rs. 50,478) has been written-off against provision during the period.

6.2 This includes provision in respect of net realizable value amounting to Rs. 170,701 (December 31, 2024: Rs. 81,558).

		Unaudited	Audited
		September 30,	December 31,
		2025	2024
		----- Rupees -----	
7.	DEFERRED TAX LIABILITY - NET		
	Debit balances arising due to:		
	- Provisions for stock-in-trade, stores and spares and receivables	(344,014)	(311,433)
	- Accelerated tax depreciation / amortization	(358,955)	(817,249)
	- Minimum turnover tax	-	(985,400)
	- Share issuance cost, net to equity	(15,108)	(15,108)
	- Lease liability against right-of-use assets	(512,229)	(571,123)
		<u>(1,230,306)</u>	<u>(2,700,313)</u>
	Credit balances arising due to:		
	- Right-of-use assets	647,348	650,320
	- Biological assets	1,367,908	1,318,530
	- Others	15,824	15,824
		<u>2,031,080</u>	<u>1,984,674</u>
		<u>800,774</u>	<u>(715,639)</u>

(Amounts in thousand)

	Unaudited September 30, 2025	Audited December 31, 2024
----- Rupees -----		
8. TRADE AND OTHER PAYABLES		
Trade payables	8,805,721	6,823,878
Accrued liabilities	6,124,457	4,372,678
Provisions (note 8.1)	344,493	-
Retention money	780	1,204
Withholding tax payable	160,488	83,435
Payable to:		
- provident fund	47,517	-
- defined benefit gratuity fund	459,922	364,514
- defined contribution gratuity fund	8,138	-
Workers' profits participation fund	315,507	14,360
Workers' welfare fund	252,070	110,754
Others	117,702	86,488
	<u>16,636,795</u>	<u>11,857,311</u>

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

	Unaudited September 30, 2025	Audited December 31, 2024
----- Rupees -----		
9. SHORT TERM FINANCES - secured		
Export Running Finance (ERF) Loan (notes 9.1 & 9.2)	215,429	46,174
Running Finance Facilities (note 9.2)	-	264,126
	<u>215,429</u>	<u>310,300</u>

9.1 Represents short term loan obtained against export sales under the State Bank of Pakistan's FE - 25 Scheme. The facility carries mark up at the rate of 5.13% per annum.

9.2 The facilities for short term running finance available from various banks, which represent the aggregate sale price of all mark-up arrangements, amount to Rs.12,000,000 (December 31, 2024: Rs. 12,000,000). The unutilized balance against these facilities as at September 30, 2025 was Rs.11,784,571 (December 31, 2024: Rs. 11,689,700). The rates of mark-up on these finances other than ERF are KIBOR based and range from 11.19% to 13.81% (December 31, 2024: 14.86% to 16.59%) per annum. These facilities are secured by way of floating charge upon all the present and future current assets of the Company.

9.3 The facilities for opening letters of credit and bank guarantees as at September 30, 2025 amount to Rs. 26,863,000 (December 31, 2024: Rs. 26,500,000), of which the amount remaining unutilized as at September 30, 2025 was Rs.20,016,616 (December 31, 2024: Rs. 14,678,365).

10. CONTINGENCIES AND COMMITMENTS

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

- Commitments in respect of capital expenditure contracted for but not incurred as at September 30, 2025 amounts to Rs. 1,759,283 (December 31, 2024: Rs. 595,425).
- Commitments in respect of purchase of certain commodities as at September 30, 2025 amounts to Rs. 1,552,990 (December 31, 2024: Rs. 1,738,422).

(Amounts in thousand)

- The Deputy Commissioner Inland Revenue (DCIR) passed an order on February 26, 2025 for the recovery of Super tax for tax year 2023 of Rs. 292,024. The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order which is pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, however, based on prudence and as an abundant caution carries a provision in this respect.
- On March 05, 2024 Sindh Revenue Board (SRB) issued notice to recover Workers Welfare Fund (WWF) for the year 2022. The Company being a transprovincial entity has discharged its WWF liability under the federal law, therefore, it filed a case thereagainst before the Sindh High Court (SHC). SHC vide interim order dated April 03, 2024 had directed SRB not to recover the amount till the decision of the case. During the period, SHC disposed off the case in favor of the Company.
- The DCIR passed an order on March 06, 2025 for the period January 2022 to December 2022 alleging that sales tax has not been charged on disposal of fixed assets thereby creating a demand of Rs. 6,400. Subsequently, on June 25, 2025, the Commissioner Inland Revenue (Appeals) [(CIR A)] issued an order and remanded back proceedings to the DCIR. No remand back proceedings have been initiated by DCIR to date. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.
- The Customs Department (the Department) issued various orders alleging that the Company has mis-declared Harmonized System (HS) code on certain raw materials imported and is therefore, required to pay additional duties and taxes. The Company, being aggrieved with the said demands, has filed appeals before the Collector of Customs (Appeal) [CC(A)]. The CC(A) had decided majority of the appeals and set aside the orders of the Department with the direction to refer the cases to the Classification Committee (CC) and decide the same according to the findings of the CC. Moreover, the Company and the Department have also filed appeals with the Customs Appellate Tribunal (CAT) against the orders issued by the CC(A), which are pending adjudication.

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

During the period, the CC has issued notices for hearing and matter is currently pending with the Department.

- On September 30, 2020, the ACIR raised demand of Rs. 70,592 by disallowing certain items e.g. tax credits claimed under section 65B, depreciation on freezers, written-off inventory and Gas Infrastructure Development Cess for tax year 2018. On June 14, 2022, the CIR (A) issued an order against the appeal filed for the tax year 2018 remanded back the issues of disallowance of inventory write off, short allowance of tax credit for readjudication to the ACIR. The remaining issues have been decided in favour of the Company. The Company, being aggrieved with the decision of the CIR (A) in respect of the order, has filed an appeal before the ATIR which is pending adjudication.

During the period, the ACIR initiated remand-back proceedings and passed an order giving effect to the decision of the CIRA, resulting in a refund of Rs. 202,428.

The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal, and accordingly recoverable taxes have not been reduced by the effect of the aforementioned disallowances.

11. TAXATION

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

(Amounts in thousand)

	Unaudited	
	Nine months ended September 30, 2025	2024
	----- Rupees -----	
13.1 Working capital changes		
(Increase) / Decrease in current assets		
- Stores, spares and loose tools	(118,428)	(280,517)
- Stock-in-trade	(778,276)	(1,287,787)
- Trade debts	(259,413)	(241,804)
- Advances, deposits and prepayments	41,936	(715,088)
- Other receivables	420,706	43,679
- Sales tax recoverable	3,777,468	1,697,271
	<u>3,083,993</u>	<u>(784,246)</u>
Increase / (Decrease) in current liabilities		
- Trade and other payables	4,719,234	529,670
- Supplier financing - unfunded	(6,386,426)	(4,351,266)
- Contract liabilities	(477,549)	(1,075,511)
	<u>(2,144,741)</u>	<u>(4,897,108)</u>
	<u>939,252</u>	<u>(5,681,354)</u>
14. CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,464,635	699,309
Short term investments	3,475,000	20,000
Short term finances	-	(5,689,984)
Restricted cash under lien	(90,000)	-
	<u>5,849,635</u>	<u>(4,970,675)</u>
15. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS		
The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.		
There have been no changes in the risk management policies during the period, consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2024.		
16. FAIR VALUE MEASUREMENT		
16.1 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.		
The Company classifies fair value instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:		
- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;		
- Level 2: Inputs other than quoted prices within level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and		
- Level 3: Inputs for the asset or liability that are not based on observable market data.		
As at September 30, 2025 and December 31, 2024, the Company did not have any financial instruments which were measured at fair values.		

(Amounts in thousand)

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

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

17. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	Unaudited	
		Nine months ended September 30, 2025	2024
		----- Rupees -----	
Holding company	Dividend paid	1,094,699	-
Associated companies / undertakings	Arrangement for sharing of premises, utilities, personnel and assets	17,340	19,941
	Fee for technical assistance	1,725,011	1,737,384
	Dividend paid	857,085	-
	Reimbursement of expenses incurred by the Company	302,517	110,118
	Reimbursement of expenses paid on behalf of the Company	19,718	20,293
	Purchases of goods and services	349,590	74,440
	Sale of goods	834,274	2,638,249
	Donation	300	-
Contribution for staff retirement funds	Managed and operated by Engro Corporation Limited		
	- Gratuity funds	59,794	39,725
	- Provident fund	435,124	406,395
Key management personnel including the Chief Executive Officer	Managerial remuneration	260,124	255,003
	Contribution for staff retirement funds	31,557	34,543
	Bonus	106,017	81,603
Directors	Fee	4,226	3,905

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

18. SEGMENT INFORMATION

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

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

(Amounts in thousand)

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

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

	Unaudited Nine months ended September 30, 2025			Unaudited Nine months ended September 30, 2024		
	Dairy based products	Frozen desserts	Total	Dairy based products	Frozen desserts	Total
-----Rupees-----						
Results for the period						
Revenue from contracts with customers - net	70,485,217	10,355,372	80,840,589	74,383,147	8,999,077	83,382,224
Inter-segment revenue	(608,380)	-	(608,380)	(870,043)	-	(870,043)
	<u>69,876,837</u>	<u>10,355,372</u>	<u>80,232,209</u>	<u>73,513,104</u>	<u>8,999,077</u>	<u>82,512,181</u>
Profit for the period	<u>1,246,815</u>	<u>843,836</u>	<u>2,090,651</u>	<u>1,618,329</u>	<u>400,219</u>	<u>2,018,548</u>
-----Rupees-----						
	Unaudited Nine months ended September 30, 2025			Audited December 31, 2024		
Assets						
- Segment assets	25,389,972	4,116,295	29,506,267	25,626,605	3,911,104	29,537,709
- Un-allocated assets	-	-	10,223,718	-	-	12,137,562
	<u>25,389,972</u>	<u>4,116,295</u>	<u>39,729,985</u>	<u>25,626,605</u>	<u>3,911,104</u>	<u>41,675,271</u>

19. SEASONALITY

The Company's 'Frozen desserts' and 'Dairy based products' businesses are subject to seasonal fluctuation, with demand of these products increasing in summer. The Company's dairy business is also subject to seasonal fluctuation due to lean and flush cycles of milk collection. Therefore, revenues and profits for the nine months ended September 30, 2025 are not necessarily indicative of the results to be expected for the full year.

20. CORRESPONDING FIGURES

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

20.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison, the effects of which are not material.

21. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 16, 2025 by the Board of Directors of the Company.



Chairman



Chief Executive Officer



Chief Financial Officer



FrieslandCampina
Engro Pakistan Limited

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(Formerly Engro Foods Limited)**

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ڈائریکٹرز کی رپورٹ

فریز لینڈ کیمپیسیا اینگریو پاکستان لمیٹڈ کے ڈائریکٹرز (جو کہ فریز لینڈ کیمپیسیا پاکستان ہولڈنگز بی وی کی اکثریتی ملکیت والی ذیلی کمپنی ہے) کمپنی کی 30 ستمبر 2025 کو ختم ہونے والی سہ ماہی کے لیے مختصر مالی معلومات کے ساتھ یہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

کاروباری کارکردگی کا جائزہ

سال 2025 کی تیسری سہ ماہی کے دوران بیک شدہ دودھ کی کیسیگری میں گزشتہ سال سیزنیکس کے نفاذ کے بعد کمی کارجمان برقرار رہا۔ تاہم، کمپنی نے مؤثر حکمت عملی اور بہتر عملدرآمد کے ذریعے حجم (Volumes) میں جزوی بحالی حاصل کی اور اپنا مارکیٹ شیئر بڑھایا۔

اگرچہ خالص فروخت میں سال بہ سال 2.8 فیصد کمی ریکارڈ کی گئی (PKR 80.2 بلین بمقابلہ PKR 82.5 بلین پچھلے سال کی اسی مدت)، مگر اخراجات میں بچت اور بہتر پروڈکٹس کے نتیجے میں گراس مارجن میں 130 بیسیس پوائنٹس (bps) کا اضافہ ہوا، جس کے باعث گزشتہ سال کے مقابلے میں آپریشنل منافع میں 1 ارب روپے کا اضافہ ممکن ہوا۔

ڈیری مصنوعات کا شعبہ

ڈیری مصنوعات کے شعبے سے حاصل کردہ آمدنی 69.9 ارب روپے رہی، جو گزشتہ سال کے اسی عرصے کے مقابلے میں 5 فیصد کمی کو ظاہر کرتی ہے۔ اس کمی کی بنیادی وجہ پوائنٹس کی دودھ پر سیزنیکس کے اثرات ہیں۔

اس سہ ماہی میں کمپنی نے "خالص کے رکھوالے" کے نام سے نئی برانڈ مہم متعارف کرائی تاکہ اولپرز کی خالصیت اور اعتماد کو مزید مستحکم کیا جاسکے۔ یہ مہم ٹی وی، ڈیجیٹل پلٹ فارمز اور اسٹورز پر مؤثر انداز میں متحرک کی گئی۔ مزید برآں، اولپرز کریم اور فلیورڈ ملک میں مسلسل سرمایہ کاری اور توجہ کے باعث سخت مسابقت کے باوجود حجم میں اضافہ دیکھا گیا۔

منجمنڈ ڈیزرٹس کا شعبہ

منجمنڈ ڈیزرٹس کے شعبے نے ترقی کا تسلسل برقرار رکھتے ہوئے گزشتہ سال کے مقابلے میں 15 فیصد ویلیو گروتھ حاصل کی اور 10.4 ارب روپے کی آمدنی پیدا کی۔

یہ کارکردگی جدت انگیز مصنوعات کے اجراء اور پراڈکٹ پورٹ فولیو کے بہتر نظم کے ذریعے حاصل کی گئی، جس نے صارفین کو بہتر معیار اور مناسب قیمتوں پر مزید متنوع آپشنز فراہم کیے۔

مالی کارکردگی

30 ستمبر 2025 کو ختم ہونے والی نو ماہ کی مالی کارکردگی کا خلاصہ درج ذیل ہے:

	Nine months ended		Variation
	2025	2024	
(Rs. in million except EPS)			
Net Sales	80,232	82,512	-2.8%
Operating Profit	6,957	5,941	+17.1%
% of sales	8.7%	7.2%	+147bps
Profit after tax	2,091	2,019	+3.6%
% of sales	2.6%	2.4%	159 bps
Earnings per share (Rs.)	2.73	2.63	

مستقبل کا منظر نامہ:


پیک شدہ دودھ پر 18 فیصد سیلز ٹیکس کا نفاذ اب بھی فارمل ڈیری سیکٹر کے لیے ایک بڑا چیلنج ہے۔ یہ غیر مساوی ٹیکس نظام محفوظ دودھ کی فروخت کو متاثر کر رہا ہے اور کھلے دودھ سے محفوظ دودھ کی طرف منتقلی کی راہ میں رکاوٹ بن رہا ہے۔ کمپنی متعلقہ فریقین سے مسلسل رابطے میں ہے تاکہ منصفانہ ٹیکس اصلاحات کے ذریعے ایک مساوی کاروباری ماحول فراہم کیا جاسکے۔

کمپنی اپنے صارفین کو اعلیٰ معیار، محفوظ اور غذائیت سے بھرپور مصنوعات فراہم کرنے کے عزم پر قائم ہے۔ ایک چست اور متحرک ادارے کے طور پر، کمپنی مارکیٹ کی ضروریات کے مطابق نئی مصنوعات اور اقدامات متعارف کرا رہی ہے۔

مزید برآں، کمپنی ویلیو چین میں کارکردگی میں بہتری، سرمایہ کاری کے بہترین استعمال، اور کاروباری استحکام کے لیے کوشاں رہے گی تاکہ شیئرز ہولڈرز کے لیے زیادہ قدر پیدا کی جاسکے۔

فریزڈ لینڈ کیپیٹا کے عالمی تجربے اور 150 سالہ ڈیری ورثے کی بنیاد پر، کمپنی صفائی، فوڈ سیفٹی اور پائیداری کے اعلیٰ معیارات پر کاربند ہے۔ ہم روزانہ لاکھوں پاکستانیوں کو محفوظ، غذائیت سے بھرپور اور سستی ڈیری مصنوعات فراہم کرتے رہیں گے اور محبت، اعتماد اور ذمہ داری کے ساتھ قوم کی غذائی ضروریات پوری کرتے رہیں گے۔


کاشان حسن
چیف ایگزیکٹو آفیسر


عبدالصمد داؤد
چیئرمین