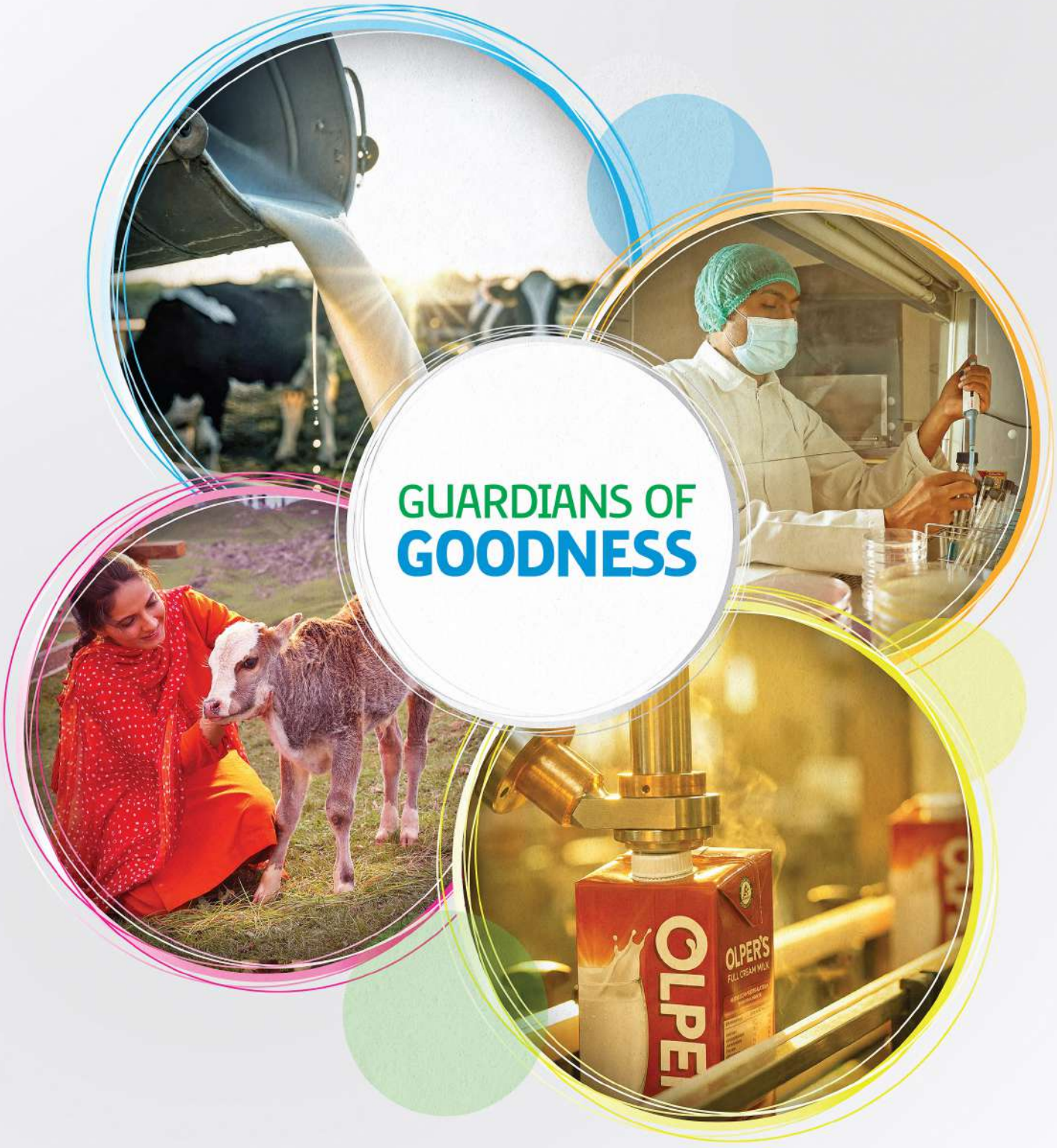
FrieslandCampina
Engro Pakistan Limited



First Quarter
2026

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COMPANY INFORMATION

Board of Directors

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

Chief Financial Officer

Imran Husain

Company Secretary

Syed Ali Hyder Imran

Members of the Audit Committee

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

Secretary of the Committee is
Faisal Anees,
Manager Internal Audit Department

Banks Conventional

Askari Bank Limited
Allied Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Citibank N.A. (Pakistan)
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
National Bank of Pakistan
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited
JS Bank Limited

Shariah Compliant

Meezan Bank Limited
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Bank Makramah Limited

Auditors

EY Ford Rhodes Chartered Accountants
17th Floor, Sky Tower – West Wing, Dolmen
City HC3,Block 4, Scheme 5, Clifton,
Karachi, 75530, Pakistan
Office: +92 21 111-11-3937

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) 34380104-534384621-3
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/

FrieslandCampina Engro Pakistan Limited
(Formerly Engro Foods Limited)
5th Floor, The Harbor Front Building, HC-3,
Marine Drive, Block 4, Clifton, Karachi.
75600 Pakistan.

t +92 21 3529-6000 (10 Lines)
f +92 21 3529-5961

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 31st March 2026.

OPERATING ENVIRONMENT

The macroeconomic environment in Pakistan showed meaningful improvement in 2025 and beginning of 2026. Inflation continuing its downward trend and successive policy rate reductions provided relief on financing costs. The Pakistani Rupee also remained relatively stable, contributing to a more predictable operating environment.

However, the conflict in the Middle East from March 2026 has introduced uncertainty, with rising oil prices adding to costs across the value chain. These dynamics will be weighing heavily on category affordability and demand.

BUSINESS PERFORMANCE OVERVIEW

In the first quarter of 2026, the Company delivered net sales growth of 10.4% versus the same period last year (PKR 28.7 billion vs PKR 26 billion). Continued emphasis on in-market execution, selective brand investment and route-to-market fundamentals supported the Company's commercial performance during the quarter. The Company maintained its focus on cost discipline and operational efficiency across the value chain, resulting in gross margin increase of 280 bps versus the same period last year and operating profit increase of 43% versus the same period last year.

The packaged milk market continues to operate below its pre-tax levels, driven by the 18% sales tax imposed on UHT milk in July 2024. The uneven playing field versus loose milk, which remains outside the tax net, continues to suppress volumes in the formal dairy sector. The Company continued to actively engage with relevant government stakeholders to advocate for equitable taxation, underscoring the adverse impact of the current tax regime on public health, farmer livelihoods, and the documented dairy economy.

DAIRY-BASED PRODUCTS SEGMENT

Revenue from the Dairy-Based Products segment stood at PKR 25.5 billion, representing a 8.2% growth compared to the same period last year. The Company maintained investment behind the 'Khalis Kay Rakhwalay' campaign for Olper's UHT across TV, digital, PR, and in-store touchpoints, reinforcing the brand's purity credentials with consumers. Olper's Cream and Flavored Milk delivered volume growth during the quarter, reflecting the Company's strategy to drive value-added products and broaden its portfolio mix

FROZEN DESSERTS SEGMENT

Omore sustained strong growth momentum, achieving 31% revenue growth versus last year and reaching PKR 3.2 billion in revenue. This performance was driven by Bricks renovations, including 600ml plain variants and Festive Value-Added Bricks and Tubs. This was further amplified by the "Har Table Ko Miley Wow Bharay Desserts" campaign across TV, Digital, and E-Commerce during Ramzan and Eid, driving festive excitement and visibility.

FINANCIAL PERFORMANCE

The financial performance of the company for the period ending March 31, 2026, is summarized below:

(PKR Million except EPS)	Three month ended		Variation
	2026	2025	
Net Sales	28,722	26,016	+10.4%
Operating Profit	3,177	2,222	+43%
% of sales	*11.1%*	*8.5%*	*+260 bps*
Profit after tax	1,851	1,085	+70.6%
% of sales	*6.4%*	*4.2%*	*+220 bps*
Earnings per share (Rs.)	2.41	1.42	

FUTURE OUTLOOK

The 18% sales tax on packaged UHT milk continues to represent a structural challenge for the formal dairy sector, suppressing volumes and sustaining the price gap with unregulated loose milk. The Company will continue to engage with relevant stakeholders and advocate for equitable taxation that is aligned with global benchmarks and supports the growth of Pakistan's documented dairy economy.

The Company will continue to monitor regional uncertainty and respond in a manner that is best for its consumers and farmers, while delivering value to its shareholders. The Company will also continue to drive efficiencies across its operations and optimizing investments to enhance overall financial health.

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

Abdul Samad Dawood
Chairman

Syed Kashan Hasan
Chief Executive Officer

Karachi: April 24, 2026

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE QUARTER ENDED MARCH 31, 2026

FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT MARCH 31, 2026

(Amounts in thousand)

	Note	Unaudited March 31, 2026	Audited December 31, 2025
		----------Rupees----------	
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	12,928,996	13,180,788
Biological assets		3,321,713	3,339,651
Intangible assets		35,037	38,278
Right-of-use assets		2,712,903	1,973,115
Long term advances and deposits		500,116	515,665
		19,498,765	19,047,497
Current Assets			
Stores, spares and loose tools	5	984,389	878,280
Stock-in-trade	6	15,690,672	9,885,899
Trade debts		2,017,194	1,557,223
Advances, deposits and prepayments		441,280	432,499
Accrued mark-up / interest		9,937	4,273
Other receivables		529,660	563,658
Sales tax recoverable - net		2,502,249	2,296,438
Taxes recoverable		843,834	1,499,433
Short-term investments		354,027	140,000
Cash and bank balances		2,071,826	1,205,438
		25,445,068	18,463,141
TOTAL ASSETS		44,943,833	37,510,638
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		(253,469)	(253,469)
Unappropriated profit		10,539,500	8,688,605
		18,817,346	16,966,451
Non-Current Liabilities			
Long term:			
- finances		1,260,567	969,774
- lease liabilities against right-of-use assets		1,847,028	1,062,993
Deferred tax liability - net	7	634,869	617,609
		3,742,464	2,650,376
Current Liabilities			
Current portion of long term:			
- finances		26,207	17,000
- lease liabilities against right-of-use assets		507,890	525,183
Trade and other payables	8	17,411,427	15,894,841
Contract liabilities		481,823	669,365
Unclaimed dividend		8,555	8,616
Accrued interest / mark-up on:			
- long term finances		12,996	29,081
- short term finances		56,500	3,629
Short term finances	9	3,878,625	746,096
		22,384,023	17,893,811
		26,126,487	20,544,187
Contingencies and Commitments	10		
TOTAL EQUITY AND LIABILITIES		44,943,833	37,510,638

The annexed notes 1 to 20 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, 2026

[Amounts in thousand except for earnings per share]

	Note	Quarter ended March 31, 2026	2025
		----------Rupees----------	
Revenue from contracts with customers - net		28,721,926	26,015,514
Cost of sales		(22,687,440)	(21,267,375)
Gross profit		6,034,486	4,748,139
Distribution and marketing expenses		(2,322,656)	(1,875,446)
Administrative expenses		(359,285)	(527,135)
Other operating expenses		(305,291)	(233,841)
Other income		129,898	110,482
Operating profit		3,177,152	2,222,199
Finance costs		(143,740)	(404,935)
Profit before taxation		3,033,412	1,817,264
Taxation		(1,182,517)	(732,486)
Profit for the period		1,850,895	1,084,778
Earnings per share - basic and diluted	11	2.41	1.42

The annexed notes 1 to 20 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, 2026

(Amounts in thousand)

	Quarter ended March 31,	
	2026	**2025**
	----------Rupees----------	
Profit for the period	1,850,895	1,084,778
Other comprehensive income	-	-
Total comprehensive income for the period	1,850,895	1,084,778

The annexed notes 1 to 20 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, 2026

(Amounts in thousand)

	SHARE CAPITAL	RESERVES			TOTAL
		CAPITAL	REVENUE		
		Share premium	Remeasurement of post employment benefits	Unappropriated profit	
	----------Rupees----------				
Balance as at January 1, 2025 (Audited)	7,665,961	865,354	(217,897)	8,144,426	16,457,844
Profit for the period	-	-	-	1,084,778	1,084,778
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,084,778	1,084,778
Balance as at March 31, 2025 (Unaudited)	7,665,961	865,354	(217,897)	9,229,204	17,542,622
Balance as at January 1, 2026 (Audited)	7,665,961	865,354	(253,469)	8,688,605	16,966,451
Profit for the period	-	-	-	1,850,895	1,850,895
Other comprehensive loss for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,850,895	1,850,895
Balance as at March 31, 2026 (Unaudited)	7,665,961	865,354	(253,469)	10,539,500	18,817,346

The annexed notes 1 to 20 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, 2026

(Amounts in thousand)	Note	Quarter ended March 31, 2026	2025
		----------Rupees----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilized in) / generated from operations	12	(1,607,368)	390,755
Finance costs paid		(57,199)	(550,317)
Taxes paid		(509,658)	(442,167)
Long term advances and deposits - net		15,549	(35,724)
Net cash utilized in operating activities		(2,158,676)	(637,453)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(266,744)	(76,940)
Short term investments - net		(214,027)	-
Proceeds from disposal of:			
- property, plant and equipment		55,273	31,977
- biological assets		108,117	243,703
Interest income received		633	21,170
Net cash (utilized in) / generated from investing activities		(316,748)	219,910
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(61)	(225)
(Repayment of) / Proceeds from short term finance - net		(169,325)	203,413
Proceeds from long term finances		300,000	-
Repayment of lease liabilities against right-of-use assets		(90,655)	(189,287)
Net cash generated from financing activities		39,959	13,901
Net decrease in cash and cash equivalents		(2,435,465)	(403,642)
Cash and cash equivalents at beginning of the period		538,667	2,391,618
Cash and cash equivalents at end of the period	13	(1,896,798)	1,987,976

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

Chairman **Chief Executive Officer** **Chief Financial Officer**

(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, 2025.

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, 2025, 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, 2025.

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 March 31, 2026	Audited December 31, 2025
	---------- Rupees ----------	
Operating assets at net book value (notes 4.1 & 4.2)	10,587,339	9,870,501
Capital work-in-progress (note 4.3)	1,609,526	2,581,701
Major spare parts and stand-by equipment	732,131	728,586
	12,928,996	13,180,788

	Unaudited Quarter ended March 31, 2026	2025
	---------- Rupees ----------	
4.1 Following transfers from capital work-in-progress, were made to operating assets during the period:		
Plant, machinery and related equipment	1,112,137	46,470
Computer equipment	22,315	-
Office equipment and furniture & fittings	6,982	12,330
Vehicles	10,076	-
	1,151,510	58,800

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	76,296	(68,816)	7,480	25,345
Computer equipment	757	(757)	-	106
Office equipment	271	(257)	14	52
Vehicles	62,976	(49,193)	13,783	26,739
Leased assets	-	-	-	3,031
March 31, 2026 (Unaudited)	140,300	(119,023)	21,277	55,273
March 31, 2025 (Unaudited)	93,413	(85,905)	7,508	31,977

	Unaudited Quarter ended March 31, 2026	2025
	---------- Rupees ----------	
4.3 Following additions were made to capital work-in-progress during the period:		
Buildings on freehold land	6,443	144
Plant, machinery and related equipment	235,774	43,970
Office equipment, furniture & fittings and computer equipment	24,527	16,763
Vehicles	-	16,063
	266,744	76,940

4.4 Operating assets amounting to Rs. 6,489 (March 31, 2025: Rs. 4) 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. 580,565 (December 31, 2025: Rs. 574,965).

(Amounts in thousand)

		Unaudited March 31, 2026	Audited December 31, 2025
		---------- Rupees ----------	
6.	**STOCK-IN-TRADE**		
	Raw and packaging material (note 6.1)	5,789,190	4,992,714
	Work in process	5,859,043	1,345,458
	Finished goods (note 6.1)	4,352,632	3,830,508
		16,000,865	10,168,680
	Less: Provision for expired / obsolete stock (note 6.2)	(310,193)	(282,781)
		15,690,672	9,885,899

6.1 Stock amounting to Rs. 215 (March 31, 2025: Rs. 10,828) has been written-off against provision during the period.

6.2 This includes provision in respect of net realizable value amounting to Rs. 146,026 (December 31, 2025: Rs. 118,837).

		Unaudited March 31, 2026	Audited December 31, 2025
		---------- Rupees ----------	
7.	**DEFERRED TAX LIABILITY - NET**		
	Debit balances arising due to:		
	- Provisions for stock-in-trade, stores and spares and receivables	(349,645)	(337,529)
	- Accelerated tax depreciation / amortization	(452,290)	(498,980)
	- Share issuance cost, net to equity	(15,108)	(15,108)
	- Lease liability against right-of-use assets	(918,418)	(619,389)
		(1,735,461)	(1,471,006)
	Credit balances arising due to:		
	- Right-of-use assets	1,058,032	769,515
	- Biological assets	1,295,467	1,302,463
	- Others	16,831	16,637
		2,370,330	2,088,615
		634,869	617,609

		Unaudited March 31, 2026	Audited December 31, 2025
		---------- Rupees ----------	
8.	**TRADE AND OTHER PAYABLES**		
	Trade payables	8,782,741	8,262,769
	Accrued liabilities	6,334,240	5,803,727
	Provisions (note 8.1)	1,109,250	1,081,909
	Retention money	1,166	780
	Suppliers' security deposits	98	98
	Customers' security deposits	3,100	3,100
	Withholding tax payable	168,871	104,145
	Payable to defined benefit gratuity fund	471,582	441,694
	Workers' profits participation fund	162,239	-
	Workers' welfare fund	191,863	130,815
	Others	186,277	65,804
		17,411,427	15,894,841

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.

(Amounts in thousand)

	Unaudited March 31, 2026	Audited December 31, 2025
	---------- Rupees ----------	
9. SHORT TERM FINANCES - secured		
Export Running Finance (ERF) Loan (note 9.1)	-	169,325
Running Finance Facilities (notes 9.1 & 9.2)	3,878,625	576,771
	3,878,625	746,096

9.1 The facilities for short term running finance available from various banks, which represent the aggregate sale price of all mark-up arrangements, at March 31, 2026 amounts to Rs.11,500,000 (December 31, 2025: Rs. 11,500,000). The unutilized balance against these facilities as at March 31, 2026 was Rs. 7,621,375 (December 31, 2025: Rs. 10,753,904). The rates of mark-up on these finances are KIBOR based and range from 10.58% to 11.31% (December 31, 2025: 11.15% to 13.81%) per annum. These facilities are secured by way of floating charge upon all the present and future current assets of the Company.

9.2 The facilities for opening letters of credit and bank guarantees as at March 31, 2026 amounts to Rs. 27,300,000 (December 31, 2025: Rs. 27,300,000), of which the amount remaining unutilized as at March 31, 2026 was Rs.24,045,624 (December 31, 2025: Rs.23,830,835).

10. CONTINGENCIES AND COMMITMENTS

There are no significant changes in the status of the matters disclosed in notes 13, 25 and 33 of the financial statements of the Company for the year ended December 31, 2025, except for the following:

- Commitments in respect of capital expenditure contracted for but not incurred as at March 31, 2026 amounts to Rs. 915,575 (December 31, 2025: Rs. 980,038).
- Commitments in respect of purchase of certain commodities as at March 31, 2026 amounts to Rs. 1,167,829 (December 31, 2025: Rs. 1,395,315).
- On December 18, 2024, the Company received an order from Competition Commission of Pakistan (CCP), imposing a penalty of Rs. 75,000 in respect of Company's marketing activities relating to one of its brands. The Company filed an appeal with the Competition Appellate Tribunal against the aforementioned order, which has been partly allowed by way of the Tribunal's order dated January 14, 2026, whereby the penalty amount has been reduced to Rs. 15,000 however the observations vis a vis disclaimer remain the same. While the CCP has effected recovery of the penalty amount, the Company, based on opinion of its legal advisor, has filed an appeal before the Supreme Court of Pakistan.
- The Deputy Commissioner Inland Revenue (DCIR) passed an order on October 03, 2024 for the period December 2021 to June 2022 alleging wrongful adjustments of certain input taxes thereby creating demand of Rs. 247,017 including penalty. The Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the impugned order. During the period, the ATIR passed an order dated March 16, 2026 whereby it annulled the order passed by the DCIR and remanded back the matter for afresh adjudication. No remand back proceedings have been initiated by DCIR to date.
- The Federal Board of Revenue had issued a show cause notice alleging non charging of sales tax on bulk sales of certain specified products for the period July 2024 to December 2024, which the Company had treated as exempt. Subsequently, the DCIR passed an order dated February 03, 2026 raising a sales tax demand of Rs. 193,323 including penalty in respect of certain products. The Company has filed an appeal against the said order before the Commissioner Inland Revenue Appeals, which is currently pending adjudication. The Company, based on the opinion of its tax consultant, is confident of a favorable outcome of the appeal.

(Amounts in thousand)

- On February 26, 2025 DCIR passed an order for the recovery of super tax for tax year 2023 of Rs. 292,024. The Company has filed an appeal before the (ATIR) against the order. During the period, ATIR issued an order dated February 12, 2026 whereby it upheld the levy considering the judgement of Federal Constitutional Court (refer note 33.1.1 of the financial statements of the Company for the year ended December 31, 2025). However, ATIR set aside the order of DCIR and directed it to recompute the amount owing to certain computational errors. The Company carries adequate provision in this respect.

- On February 6, 2026 DCIR passed an order for the recovery of super tax for tax year 2025 of Rs. 495,065. The Company filed an appeal before the ATIR whereby it pleaded that liability of super tax be adjusted from the pending tax refunds. The appeal is currently pending adjudication. The Company also carries a provision in this respect.

11. EARNINGS PER SHARE - Basic and diluted

	Unaudited	
	Quarter ended March 31,	
	2026	2025
	Rupees	
There is no dilutive effect on the basic earnings per share of the Company, which is based on:		
Profit for the period	1,850,895	1,084,778
	Number of shares in thousand	
Weighted average number of ordinary shares	766,596	766,596

12. CASH GENERATED FROM OPERATIONS

	Unaudited	
	Quarter ended March 31,	
	2026	2025
	Rupees	
Profit before taxation	3,033,412	1,817,264
Adjustment for non-cash charges and other items:		
- Depreciation on operating assets	420,346	407,098
- Depreciation on right-of-use assets	155,263	149,443
- Reversal of provision for impairment of operating assets - net	(6,950)	(10,339)
- Amortization of intangible assets	3,242	3,242
- Loss on death / disposal of biological assets	3,482	32,926
- Gain on disposal of operating assets	(33,996)	(24,027)
- Gain arising from changes in fair value less estimated point-of-sale cost of biological assets	(93,661)	(260,785)
- Provision for retirement and other service benefits	47,712	25,773
- Provision for expired / obsolete stock-in-trade	27,628	285,300
- Provision for slow moving spares	5,599	16,699
- (Reversal of provision) / provision for impairment of trade debts	(1,947)	5,160
- Exchange gain	(52,847)	(262)
- Interest income	(6,297)	(23,553)
- Finance cost on short term and long term finances including bank charges	93,984	354,024
- Finance cost on lease liabilities against right-of-use assets	49,756	50,911
Working capital changes (note 12.1)	(5,252,093)	(2,438,119)
	(1,607,368)	390,755

(Amounts in thousand)

		Unaudited	
		Quarter ended March 31,	
		2026	2025
		---------- Rupees ----------	
12.1	**Working capital changes**		
	(Increase) / Decrease in current assets		
	- Stores, spares and loose tools	(115,253)	(147,846)
	- Stock-in-trade	(5,832,401)	(5,505,643)
	- Trade debts	(458,024)	(774,212)
	- Advances, deposits and prepayments	(8,781)	(51,060)
	- Other receivables	33,998	(409,554)
	- Sales tax recoverable	(205,811)	1,609,984
		(6,586,272)	(5,278,331)
	Increase / (Decrease) in current liabilities		
	- Trade and other payables	1,521,721	2,153,376
	- Supplier financing - unfunded	-	1,324,092
	- Contract liabilities	(187,542)	(637,256)
		1,334,179	2,840,212
		(5,252,093)	(2,438,119)

13. CASH AND CASH EQUIVALENTS

Cash and bank balances	2,071,826	2,084,776
Short term finances	(3,878,625)	(6,800)
Restricted cash under lien	(90,000)	(90,000)
	(1,896,798)	1,987,976

14. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price 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, 2025.

15. FAIR VALUE MEASUREMENT

15.1 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) marke at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

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 March 31, 2026 and December 31, 2025, 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, 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.

15.2 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.

16. TRANSACTIONS WITH RELATED PARTIES

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

		Unaudited	
		Quarter ended March 31,	
		2026	2025
		---------- Rupees ----------	
Nature of relationship	**Nature of transactions**		
Associated companies / undertakings	Arrangement for sharing of premises, utilities, personnel and assets	5,527	7,076
	Fee for technical assistance	622,708	575,103
	Reimbursement of expenses incurred by the Company	59,867	31,540
	Reimbursement of expenses paid on behalf of the Company	-	4,989
	Purchases of goods and services	45,137	93,863
	Sale of goods	219,405	514,251
Contribution for staff retirement funds	Managed and operated by Engro Corporation Limited		
	- Gratuity funds	28,409	19,635
	- Provident fund	154,161	121,110
Key management personnel including the Chief Executive Officer	Managerial remuneration	80,834	77,164
	Contribution for staff retirement funds	9,662	9,645
Directors	Fee	1,680	1,117

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

17. SEGMENT INFORMATION

17.1 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, 2025.

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 the Company level. Inter-segment sales of processed milk and powder are made by Dairy based products segment to Frozen desserts segment.

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

(Amounts in thousand)

	Unaudited Quarter ended March 31, 2026			Unaudited Quarter ended March 31, 2025		
	Dairy based products	Frozen desserts	Total	Dairy based products	Frozen desserts	Total
	----------	----------	Rupees	----------	----------	----------
Results for the period						
Revenue from contracts with customers - net	25,876,624	3,233,628	29,110,252	23,787,385	2,462,929	26,250,314
Inter-segment revenue	(388,326)	-	(388,326)	(234,800)	-	(234,800)
	25,488,298	3,233,628	28,721,926	23,552,585	2,462,929	26,015,514
Profit for the period	1,819,716	31,179	1,850,895	1,012,656	72,122	1,084,778

	Unaudited Quarter ended March 31, 2026			Audited December 31, 2025		
	----------	----------	Rupees	----------	----------	----------
Assets						
- Segment assets	31,345,779	6,483,922	37,829,701	25,979,764	4,987,565	30,967,329
- Un-allocated assets	-	-	7,114,132	-	-	6,543,309
	31,345,779	6,483,922	44,943,833	25,979,764	4,987,565	37,510,638

18. 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 quarter ended March 31, 2026 are not necessarily indicative of the results to be expected for the full year.

19. CORRESPONDING FIGURES

19.1 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.

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

20. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on April 24, 2026 by the Board of Directors of the Company.

Chairman **Chief Executive Officer** **Chief Financial Officer**

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ڈائریکٹرز رپورٹ

فریزلینڈ کیمپیسا اینگرو پاکستان لمیٹڈ (جو فریزلینڈ کیمپیسا پاکستان ہولڈنگز بی وی کی اکثریتی ملکیتی ذیلی کمپنی ہے) ("کمپنی") کے ڈائریکٹرز خوشی کے ساتھ 31 مارچ 2026 کو ختم ہونے والی سہ ماہی کے لیے کمپنی کی مختصر مالی معلومات کے ہمراہ یہ رپورٹ پیش کر رہے ہیں۔

آپریٹنگ ماحول

پاکستان میں معاشی ماحول نے 2025 اور 2026 کے آغاز میں نمایاں بہتری دکھائی۔ مہنگائی میں مسلسل کمی کا رجحان برقرار رہا جبکہ پالیسی ریٹ میں مسلسل کمی سے فنانسنگ لاگت میں ریلیف ملا۔ پاکستانی روپیہ بھی نسبتاً مستحکم رہا، جس سے کاروباری ماحول زیادہ قابلِ پیش گوئی بنا۔

تاہم مارچ 2026 سے مشرقِ وسطیٰ میں جاری تنازع نے غیر یقینی صورتحال پیدا کر دی ہے، جبکہ تیل کی بڑھتی قیمتوں نے پوری ویلیو چین میں لاگت میں اضافہ کر دیا ہے۔ یہ عوامل کیٹیگری کی استطاعت اور طلب پر نمایاں دباؤ ڈالیں گے۔

کاروباری کارکردگی کا جائزہ

2026 کی پہلی سہ ماہی میں کمپنی نے گزشتہ سال کے اسی عرصے کے مقابلے میں خالص فروخت میں 10.4 فیصد اضافہ ریکارڈ کیا (28.7 ارب روپے بمقابلہ 26 ارب روپے)۔ مارکیٹ میں مؤثر عملدرآمد، منتخب برانڈ سرمایہ کاری اور روٹ ٹو مارکیٹ بنیادی عوامل پر مسلسل توجہ نے سہ ماہی کے دوران کمپنی کی تجارتی کارکردگی کو سہارا دیا۔ کمپنی نے پوری ویلیو چین میں لاگت کے نظم وضبط اور آپریشنل کارکردگی پر توجہ برقرار رکھی، جس کے نتیجے میں گزشتہ سال کے اسی عرصے کے مقابلے میں گراس مارجن میں 280 بیسس پوائنٹس اضافہ ہوا جبکہ آپریٹنگ منافع میں 43٪ اضافہ ریکارڈ کیا گیا۔

پیک شدہ دودھ کی مارکیٹ اب بھی اپنے پری ٹیکس سطح سے نیچے کام کر رہی ہے، جس کی بنیادی وجہ جولائی 2024 میں UHT دودھ پر عائد کیا جانے والا 18 فیصد سیلز ٹیکس ہے۔ کھلے دودھ کے مقابلے میں غیر مساوی مسابقتی ماحول، جو اب بھی ٹیکس نیٹ سے باہر ہے اور باقاعدہ ڈیری سیکٹر میں حجم کو دبا رہا ہے۔ کمپنی نے منصفانہ ٹیکس نظام کے لیے متعلقہ حکومتی اسٹیک ہولڈرز کے ساتھ فعال رابطہ جاری رکھا، اور موجودہ ٹیکس نظام کے عوامی صحت، کسانوں کے روزگار اور دستاویزی ڈیری معیشت پر منفی اثرات کو اجاگر کیا۔

ڈیری پر مبنی مصنوعات کا شعبہ

ڈیری بیسڈ پروڈکٹس سیگمنٹ سے آمدنی 25.5 ارب روپے رہی، جو گزشتہ سال کے اسی عرصے کے مقابلے میں 8.2 فیصد اضافہ ظاہر کرتی ہے۔ کمپنی نے Olper's UHT کے لیے 'خالص کے رکھوالے' مہم میں ٹی وی، ڈیجیٹل، پی آر اور اسٹورز پر سرمایہ کاری جاری رکھی، جس سے صارفین کے ساتھ برانڈ کی خالصت کی شناخت مزید مضبوط ہوئی۔ اولپرز کریم اور فلیورڈ ملک نے سہ ماہی کے دوران حجم میں اضافہ ریکارڈ کیا، جو ویلیو ایڈڈ مصنوعات کو فروغ دینے اور پورٹ فولیو مکس کو وسعت دینے کی کمپنی کی حکمت عملی کی عکاسی کرتا ہے۔

فروزن ڈیزرٹس کا شعبہ

اوموریے نے مضبوط ترقی کا تسلسل برقرار رکھا، گزشتہ سال کے مقابلے میں آمدنی میں 31 فیصد اضافہ حاصل کیا اور 3.2 ارب روپے کی آمدنی تک پہنچ گیا۔ یہ کارکردگی برکس میں جدت، جن میں 600 ملی لیٹر سادہ ویریئنٹس اور فیسٹو ویلیو ایڈ ڈبرکس اور ٹبز شامل ہیں، کی بدولت ممکن ہوئی۔ اس کامیابی کو رمضان اور عید کے دوران ٹی وی، ڈیجیٹل اور ای کامرس پر جاری "ہر ٹیبل کو ملے واہ بھرے ڈیزرٹس" مہم نے مزید تقویت دی، جس سے تہواروں کی خوشی اور برانڈ کی نمایاں موجودگی میں اضافہ ہوا۔

مالی کارکردگی

31 مارچ 2026 کو ختم ہونے والی مدت کے لیے کمپنی کی مالی کارکردگی کا خلاصہ درج ذیل ہے:

(PKR Million except EPS)	Three month ended		Variation
	2026	2025	
Net Sales	28,722	26,016	+10.4%
Operating Profit	3,177	2,222	+43%
% of sales	*11.1%*	*8.5%*	*+260 bps*
Profit after tax	1,851	1,085	+70.6%
% of sales	*6.4%*	*4.2%*	*+220 bps*
Earnings per share (Rs.)	2.41	1.42	

مستقبل کا لائحہ عمل

پیک شدہ UHT دودھ پر 18 فیصد سیلز ٹیکس باقاعدہ ڈیری سیکٹر کے لیے بدستور ایک ساختی چیلنج ہے، جو حجم کو کم کر رہا ہے اور غیر منظم کھلے دودھ کے ساتھ قیمت کے فرق کو برقرار رکھے ہوئے ہے۔ کمپنی متعلقہ اسٹیک ہولڈرز کے ساتھ رابطہ جاری رکھے گی اور ایسے منصفانہ ٹیکس نظام کی وکالت کرے گی جو عالمی معیارات سے ہم آہنگ ہو اور پاکستان کی دستاویزی ڈیری معیشت کی ترقی میں معاون ثابت ہو۔

کمپنی علاقائی غیر یقینی صورتحال پر مسلسل نظر رکھے گی اور اپنے صارفین اور کسانوں کے بہترین مفاد میں مناسب ردعمل دے گی، جبکہ اپنے حصص داروں کو قدر فراہم کرتی رہے گی۔ کمپنی اپنی مجموعی مالی صحت بہتر بنانے کے لیے آپریشنز میں مزید بہتری اور سرمایہ کاری کے مؤثر استعمال پر بھی توجہ جاری رکھے گی۔

اپنی عالمی مہارت اور 150 سالہ ورثے سے فائدہ اٹھاتے ہوئے، FCEPL اعلیٰ ترین حفظانِ صحت، خوراک کے تحفظ اور پائیداری کے معیارات پر کاربند ہے، جبکہ ہر روز لاکھوں پاکستانیوں کو محفوظ، سستی اور غذائیت سے بھرپور ڈیری مصنوعات فراہم کرنے کے لیے پرعزم ہے۔

عبدالصمد داؤد
چیئرمین

سید کاشان حسن
چیف ایگزیکٹو آفیسر