



Good food, Good life

# **NESTLÉ PAKISTAN LIMITED**

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED

30 JUNE 2021

## DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

The Directors of Nestlé Pakistan Limited (the "Company") are pleased to submit the half-year report along with the condensed interim financial statements of the Company for the six months period ended June 30, 2021.

### Business Performance Review:

During the period, the Company recorded a revenue of PKR 65.8 billion, an increase of 12.7% compared to same period of last year. The growth was contributed by incremental sales volume supported by investments behind the brands, new product launches and pricing management. Further the growth also benefitted from the depressed base of last year which was impacted by strict lockdowns. The operating profit for the period was PKR 9.9 billion, an increase of 24.3% compared to same period last year driven by volume growth, overheads control and value chain cost optimization initiatives. Financing cost for the period reduced by 45.9% due to lower interest rate and contributed towards improvement in the net profit.

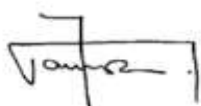
The financial performance for the six months period is summarized below:

	Jan – Jun 2021 PKR Million	Jan – Jun 2020 PKR Million	Change
Sales	65,805	58,390	+12.7%
Gross Profit	19,594	17,415	+12.5%
% of sales	29.8%	29.8%	
Operating Profit	9,905	7,970	+24.3%
% of sales	15.1%	13.6%	
Net Profit after tax	5,783	3,876	+49.2%
% of sales	8.8%	6.6%	
Earnings per share	127.5	85.5	+49.2%

### Future Outlook:

Despite all the challenges posed by the pandemic and rising input costs emanating from surge in the commodity prices, the Company remains cautiously optimistic about the performance in the 2<sup>nd</sup> half of the year on the back of strong brand equity, new product launches and continuous initiatives for operational excellence supported by highly committed workforce. We remain committed to deliver Nutrition, Health and Wellness products to our consumers and keep our employees, business partners and communities safe and healthy during these challenging times.

For and on behalf of the  
Board of Directors



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Samer Chedid  
**Chief Executive Officer**  
Lahore: July 29, 2021

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

### **TO THE MEMBERS OF NESTLE PAKISTAN LIMITED**

### **REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

#### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Nestle Pakistan Limited** as at **30 June 2021** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

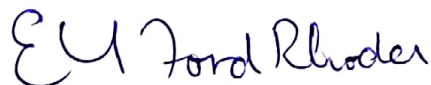
#### **Scope of Review**

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

#### **Conclusion**

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

The engagement partner on the review resulting in this independent auditor's report is **Abdullah Fahad Masood**.

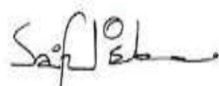


**EY Ford Rhodes**  
**Chartered Accountants**  
**Lahore: 16 August 2021**

**Nestlé Pakistan Limited**  
**Condensed Interim Statement of Financial Position**  
*As at June 30, 2021*

	Note	(Un-audited) Jun 30, 2021	(Audited) Dec 31, 2020
		----- (Rupees in '000) -----	
<b>Non-current assets</b>			
Property, plant and equipment	5	29,524,751	28,679,851
Capital work-in-progress		1,958,354	4,097,316
Long term loans		174,838	179,191
		<u>31,657,943</u>	<u>32,956,358</u>
<b>Current assets</b>			
Stores and spares		2,886,589	2,670,279
Stock-in-trade		22,105,565	16,252,021
Trade debts		2,044,328	1,930,333
Current portion of long term loans		123,579	134,078
Advances, deposits, prepayments and other receivables		2,371,631	1,849,981
Sales tax refundable - net		4,546,900	4,324,260
Cash and bank balances		1,321,090	789,055
		<u>35,399,682</u>	<u>27,950,007</u>
<b>Current liabilities</b>			
Current portion of long term liabilities		291,808	3,734,310
Short term borrowings - secured		11,500,000	6,417,473
Running finance under mark-up arrangements - secured		2,466,569	830,245
Customer security deposits - interest free		189,532	222,166
Unclaimed dividend		62,986	72,121
Trade and other payables		25,744,067	26,563,482
Contract liabilities		301,191	562,263
Income tax payable		2,399,581	1,443,443
Interest and mark-up accrued		444,744	303,183
		<u>43,400,478</u>	<u>40,148,686</u>
<b>Net working capital</b>		<u>(8,000,796)</u>	<u>(12,198,679)</u>
<b>Total capital employed</b>		<u>23,657,147</u>	<u>20,757,679</u>
<b>Non-current liabilities</b>			
Long term finances - secured		12,000,000	12,081,975
Lease liabilities		131,519	34,682
Deferred taxation		1,051,233	1,332,919
Retirement benefits		3,266,993	3,117,661
		<u>16,449,745</u>	<u>16,567,237</u>
<b>Contingencies and commitments</b>	6		
<b>Net assets</b>		<u><u>7,207,402</u></u>	<u><u>4,190,442</u></u>
<b>Financed by:</b>			
<b>Share capital and reserves</b>			
Authorized capital			
75,000,000 (December 31, 2020: 75,000,000) ordinary shares of Rs. 10 each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid up capital		453,496	453,496
Share premium		249,527	249,527
General reserve		280,000	280,000
Accumulated profit		<u>6,224,379</u>	<u>3,207,419</u>
		<u><u>7,207,402</u></u>	<u><u>4,190,442</u></u>

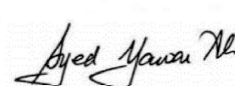
The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.



**SYED SAIFUL ISLAM**  
Chief Financial Officer



**SAMER CHEDID**  
Chief Executive Officer



**SYED YAWAR ALI**  
Chairman



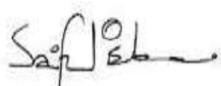
# Nestlé Pakistan Limited

## Condensed Interim Statement of Profit or Loss

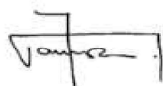
For the six month period ended June 30, 2021 (un-audited)

	Six month period ended		Three month period ended	
	Jun 30, 2021	Jun 30, 2020	Jun 30, 2021	Jun 30, 2020
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Revenue from contracts with customers	65,804,846	58,390,326	33,470,930	28,506,961
Cost of goods sold	(46,211,022)	(40,975,771)	(23,854,151)	(19,932,574)
<b>Gross profit</b>	<b>19,593,824</b>	<b>17,414,555</b>	<b>9,616,779</b>	<b>8,574,387</b>
Distribution and selling expenses	(7,696,906)	(7,152,028)	(3,906,393)	(3,581,680)
Administration expenses	(1,992,045)	(2,292,924)	(942,280)	(1,076,670)
<b>Operating profit</b>	<b>9,904,873</b>	<b>7,969,603</b>	<b>4,768,106</b>	<b>3,916,037</b>
Finance cost	(999,392)	(1,848,674)	(525,505)	(822,468)
Other expenses	(960,746)	(758,789)	(723,955)	(358,542)
	(1,960,138)	(2,607,463)	(1,249,460)	(1,181,010)
Other income	201,889	113,695	83,804	51,307
<b>Profit before taxation</b>	<b>8,146,624</b>	<b>5,475,835</b>	<b>3,602,450</b>	<b>2,786,334</b>
Taxation	(2,363,340)	(1,599,787)	(1,028,465)	(849,228)
<b>Profit after taxation</b>	<b>5,783,284</b>	<b>3,876,048</b>	<b>2,573,985</b>	<b>1,937,106</b>
Earnings per share basic and diluted (Rupees)	127.53	85.47	56.76	42.71

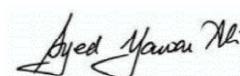
The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.



**SYED SAIFUL ISLAM**  
Chief Financial Officer



**SAMER CHEDID**  
Chief Executive Officer



**SYED YAWAR ALI**  
Chairman

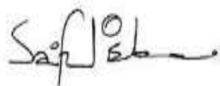
# Nestlé Pakistan Limited

## Condensed Interim Statement of Comprehensive Income


For the six month period ended June 30, 2021 (un-audited)

	Six month period ended		Three month period ended	
	Jun 30, 2021	Jun 30, 2020	Jun 30, 2021	Jun 30, 2020
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Profit after taxation	5,783,284	3,876,048	2,573,985	1,937,106
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that will be reclassified subsequently to profit or loss	-	-	-	-
Total comprehensive income for the period	5,783,284	3,876,048	2,573,985	1,937,106

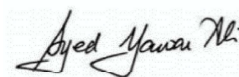
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**SAMER CHEDID**  
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**SYED YAWAR ALI**  
Chairman

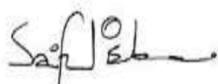
# Nestlé Pakistan Limited

## Condensed Interim Statement of Changes in Equity

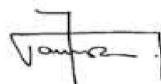
For the six month period ended June 30, 2021

	Share Capital	Capital reserves Share premium	Revenue reserves General reserve	Accumulated profit	Total
	(Rupees in '000)				
Balance as at January 01, 2020 (audited)	453,496	249,527	280,000	2,272,943	3,255,966
<u>Total comprehensive income for the six month period ended June 30, 2020</u>					
Profit after taxation	-	-	-	3,876,048	3,876,048
Other comprehensive income	-	-	-	-	-
	-	-	-	3,876,048	3,876,048
<u>Transaction with owners directly recognized in equity</u>					
Final dividend for the year ended December 31, 2019 (Rs. 42 per share)	-	-	-	(1,904,683)	(1,904,683)
Balance as at June 30, 2020 - (un-audited)	453,496	249,527	280,000	4,244,308	5,227,331
<u>Total comprehensive income for the six month ended December 31, 2020</u>					
Profit after taxation	-	-	-	5,008,547	5,008,547
Other comprehensive income	-	-	-	(13,939)	(13,939)
	-	-	-	4,994,608	4,994,608
Interim dividend for the six month period ended June 30, 2020 (Rs. 83 per share)	-	-	-	(3,764,017)	(3,764,017)
Interim dividend for the nine month period ended September 30, 2020 (Rs. 50 per share)	-	-	-	(2,267,480)	(2,267,480)
Balance as at December 31, 2020 (audited)	453,496	249,527	280,000	3,207,419	4,190,442
<u>Total comprehensive income for the six month ended June 30, 2021</u>					
Profit after taxation	-	-	-	5,783,284	5,783,284
Other comprehensive income	-	-	-	-	-
	-	-	-	5,783,284	5,783,284
<u>Transaction with owners directly recognized in equity</u>					
Final dividend for the year ended December 31, 2020 (Rs. 61 per share)	-	-	-	(2,766,324)	(2,766,324)
Balance as at June 30, 2021 (un-audited)	453,496	249,527	280,000	6,224,379	7,207,402

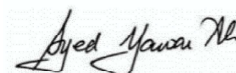
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Chief Financial Officer



**SAMER CHEDID**  
Chief Executive Officer



**SYED YAWAR ALI**  
Chairman



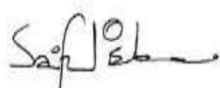
# Nestlé Pakistan Limited

## Condensed Interim Statement of Cash Flows

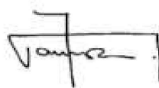
For the six month period ended June 30, 2021

		(Un-audited) Jun 30, 2021	(Un-audited) Jun 30, 2020
	Note	--- (Pak Rupees in '000) ---	
<u>Cash flow from operating activities</u>			
Cash generated from operations	7	4,246,499	6,475,247
Decrease in long term loans - net		14,852	41,240
(Decrease) / increase in customer security deposits - interest free		(32,634)	18,975
Defined benefits paid		(225,966)	(236,420)
Workers' profit participation fund paid		(646,634)	(595,887)
Income taxes paid		(1,688,888)	(1,497,813)
Net cash generated from operating activities		1,667,230	4,205,342
<u>Cash flow from investing activities</u>			
Fixed capital expenditure		(770,003)	(728,654)
Sale proceeds from disposal of property, plant and equipment		151,202	93,263
Net cash used in investing activities		(618,801)	(635,391)
<u>Cash flow from financing activities</u>			
Finance cost paid		(857,831)	(1,844,057)
Long term finances - net		(3,599,160)	(99,160)
Lease liabilities - net		(2,794)	(192,461)
Short term borrowings - net		5,082,527	5,700,000
Dividend paid		(2,775,459)	(892,466)
Net cash (used in) / generated from financing activities		(2,152,717)	2,671,856
Net (decrease) / increase in cash and cash equivalents		(1,104,289)	6,241,807
Cash and cash equivalents at beginning of the period		(41,190)	(5,822,572)
Cash and cash equivalents at end of the period	8	(1,145,479)	419,235

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.



**SYED SAIFUL ISLAM**  
Chief Financial Officer



**SAMER CHEDID**  
Chief Executive Officer



**SYED YAWAR ALI**  
Chairman



# Nestlé Pakistan Limited

## Notes to the Condensed Interim Financial Statements

*For the six month period ended June 30, 2021*

### 1. Legal status and nature of business

Nestlé Pakistan Limited ("the Company") is a public limited company incorporated in Pakistan - under the repealed Companies Ordinance 1984 (now Companies Act 2017) - and its shares are quoted on Pakistan Stock Exchange. The Company is a subsidiary of Nestlé S.A. ("the Holding Company"), a Swiss based public limited company.

The Company is principally engaged in manufacturing, processing and sale of dairy, nutrition, beverages and food products including imported products. Registered office (which is also the Head Office) of the Company is situated at Babar Ali Foundation Building, 308-Upper Mall, Lahore. The Company has four manufacturing facilities located at Sheikhpura, Kabirwala, Port Qasim Karachi and Islamabad.

### 2. Basis of preparation

#### 2.1 Statement of compliance

These condensed interim financial statements comprise the condensed interim statement of financial position of the Company as at June 30, 2021 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity and the condensed interim statement of cash flows together with the notes forming part thereof.

These condensed interim financial statements are un-audited but subject to limited scope review by the external auditors of the Company and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange Limited.

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 in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards ("IFAS") issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017; and
- Provisions of and directives issued under Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34 and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the annual audited financial statements as at and for the year ended December 31, 2020. Comparative condensed interim statement of financial position is stated from annual audited financial statements as of December 31, 2020, whereas comparatives for 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 and related notes are extracted from condensed interim financial statements of the Company for the six month period ended June 30, 2020.

# Nestlé Pakistan Limited

## Notes to the Condensed Interim Financial Statements

For the six month period ended June 30, 2021

### 2.2 Judgements and estimates

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions for the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to and disclosed in the financial statements as at and for the year ended December 31, 2020.

### 3. Significant accounting policies

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2020, except for as mentioned in note 3.2.

3.2 The Company adopted following new amendments to the approved accounting standards which became effective during the period, however these are not considered to be relevant or have any significant effect on the financial statements:

#### New Standards, Interpretations and Amendments

IFRS 16	Covid - 19 - related rent concessions beyond 30 June 2021
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest rate benchmark reform — Phase 2

3.3 Standards, interpretation and amendments to published approved accounting standards that are not yet effective:

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Reference to conceptual framework — (Amendments)	January 01, 2022
IAS 16	Property, plant and equipment: Proceeds before intended use — (Amendments)	January 01, 2022
IAS 37	Onerous contracts - costs of fulfilling a contract — (Amendments)	January 01, 2022
AIP IFRS 1	First-time Adoption of International Financial Reporting Standards — Subsidiary as a first-time adopter	January 01, 2022



# Nestlé Pakistan Limited

## Notes to the Condensed Interim Financial Statements

For the six month period ended June 30, 2021

Standard or Interpretation		Effective date (annual periods beginning on or after)
AIP IFRS 9	Fees in the '10 per cent' test for derecognition of financial liabilities	January 01, 2022
AIP IAS 41	Agriculture — Taxation in fair value measurements	January 01, 2022
IAS 1	Classification of liabilities as current or non-current — (Amendments)	January 01, 2023
IAS 8	Definition of accounting estimates — (Amendments)	January 01, 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies — (Amendments)	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction — (Amendments)	January 01, 2023
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its associate or Joint Venture — (Amendments)	January 01, 2023

The Company expects that such improvements to the standards will not have any material impact on the Company's condensed interim financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2021.

The Company expects that such improvements to the standards will not have any material impact on the Company's condensed interim financial statements.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standard	July 01, 2009
IFRS 17	Insurance Contracts	January 01, 2023

The Company expects that above mentioned standards will not have any material impact on the Company's condensed interim financial statements in the period of initial application.

#### 4. Significant changes in current reporting period

In light of ongoing COVID-19 pandemic, the Company has reviewed its exposure to business risks and has not identified any risks that could materially impact the financial performance or position of the Company as at June 30, 2021. Consequently, there is no material impact on the recognition and measurement of assets and liabilities.

# Nestlé Pakistan Limited

## Notes to the Condensed Interim Financial Statements

For the six month period ended June 30, 2021

	(Un-audited) Jun 30, 2021	(Audited) Dec 31, 2020
	----- (Rupees in '000) -----	
<b>5. Property, plant and equipment</b>		
Opening balance - net book value	28,679,851	30,333,121
Additions during the period / year	3,083,280	2,632,736
	31,763,131	32,965,857
Book value of property, plant and equipment disposed off during the period / year	(39,401)	(152,250)
Depreciation charged during the period / year	(1,984,280)	(4,147,235)
Impairment (charged) / reversed during the period / year	(214,699)	13,479
Closing balance - net book value	29,524,751	28,679,851

### 6. Contingencies and commitments

6.1 There has been no significant change in the status of contingencies reported in the annual audited financial statements for the year ended December 31, 2020.

	(Un-audited) Jun 30, 2021	(Audited) Dec 31, 2020
	----- (Rupees in '000) -----	
<b>6.2 Guarantees</b>		
Outstanding guarantees	246,827	196,485
<b>6.3 Commitments</b>		
<b>6.3.1 Letters of credit</b>		
Outstanding letters of credit	229,779	562,147
<b>6.3.2 Commitments in respect of capital expenditure</b>	556,002	352,943
<b>6.3.3 The amount of future payments under Ijarah and the period in which these payments will become due are as follows:</b>		
Not later than one year	65,984	8,714
Later than one year but not later than 5 years	-	-
	65,984	8,714

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# Nestlé Pakistan Limited

## Notes to the Condensed Interim Financial Statements

For the six month period ended June 30, 2021

(Un-audited) (Un-audited)  
Jun 30, 2021 Jun 30, 2020

----- (Rupees in '000) -----

### 7. Cash generated from operations

Profit before taxation	8,146,624	5,475,835
<i>Adjustment for non-cash items:</i>		
Depreciation on property, plant and equipment	1,984,280	2,082,765
Amortization of intangible assets	-	4,034
Increase in provision for stock in trade	51,063	190,720
(Decrease) / increase in provision for stores and spares	(19,520)	78,848
Provision for defined benefits plans	375,298	414,018
Provision for workers' profit participation fund	416,001	302,497
Provision for workers' welfare fund	172,644	140,345
Reversal of provision for doubtful debts	(1,428)	(4,000)
Gain on disposal of property, plant and equipment	(111,801)	(21,108)
Impairment / (reversal) on property, plant and equipment, stores and spares	227,580	(4,069)
Exchange loss	328,580	241,946
Finance cost	999,392	1,848,674
Profit before working capital changes	12,568,713	10,750,505
Effect on cash flow due to working capital changes <i>(Increase) / decrease in current assets:</i>		
Stores and spares	(209,671)	(153,066)
Stock in trade	(5,904,607)	(3,030,513)
Trade debts	(112,567)	(132,430)
Advances, deposits, prepayments and other receivables	(744,290)	(56,042)
<i>(Decrease) / increase in current liabilities:</i>		
Trade and other payables	(1,090,006)	(995,067)
Contract liabilities	(261,072)	91,860
	(8,322,214)	(4,275,258)
	4,246,499	6,475,247

### 8. Cash and cash equivalents

Cash and bank balances	1,321,090	1,164,153
Short term running finance under mark-up arrangements - secured	(2,466,569)	(744,918)
	(1,145,479)	419,235

# Nestlé Pakistan Limited

## Notes to the Condensed Interim Financial Statements

For the six month period ended June 30, 2021

### 9. Transactions with related parties

The related parties comprise of Holding Company, associated companies, other related companies, key management personnel and employees retirement benefit funds. The Company in the normal course of business carries out transactions with various related parties. Significant transactions with related parties are as follows:

	(Un-audited) Jun 30, 2021	(Un-audited) Jun 30, 2020
	----- (Rupees in '000) -----	
<i>Associated companies</i>		
General licensing fee	2,099,153	1,839,334
Dividends	2,184,007	1,496,601
Purchase of assets, goods, services and reimbursable expenses	8,945,942	9,194,980
Sale of goods	840,729	718,905
Insurance claims	14,062	8,228
Donations	1,000	-
<i>Other related parties</i>		
Contribution paid to staff retirement benefits plan	408,720	416,820
Remuneration to key management personnel	1,955,097	1,906,254

All transactions with related parties have been carried out on mutually agreed terms and conditions.

### 10. Segment reporting

Segment information is presented in respect of the Company's business. The chief decision maker allocates resources and monitors performance based on business segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

The Company's operations comprise of the following main business segments and product categories:

#### i) Dairy and nutrition products

Milk based products and cereals

#### ii) Powdered and liquid beverages

Juices, drinking water and powdered drinks

#### iii) Other products

Confectionery and other products

# Nestlé Pakistan Limited

## Notes to the Condensed Interim Financial Statements

For the six month period ended June 30, 2021

### 10.1 Segment analysis for the six month period ended June 30, 2021 (un-audited)

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
	----- (Rupees in '000) -----			
Revenue from contracts with customers	50,425,885	15,378,961	-	65,804,846
Depreciation and amortization	1,413,076	571,204	-	1,984,280
Operating profit before tax and unallocated expenses	8,574,695	1,330,178	-	9,904,873
Unallocated corporate expenses:				
Finance cost				(999,392)
Other operating expenses				(960,746)
Other income				201,889
Taxation				(2,363,340)
Profit after taxation				5,783,284

### Segment analysis for the six month period ended June 30, 2020 (un-audited)

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
	----- (Rupees in '000) -----			
Revenue from contracts with customers	46,486,736	11,837,732	65,858	58,390,326
Depreciation and amortization	(1,495,306)	(591,493)	-	(2,086,799)
Operating profit / (loss) before tax and unallocated expenses	8,016,543	(39,971)	(6,969)	7,969,603
Unallocated corporate expenses:				
Finance cost				(1,848,674)
Other operating expenses				(758,789)
Other income				113,695
Taxation				(1,599,787)
Profit after taxation				3,876,048

There is no inter segment revenue between operating segments.



# Nestlé Pakistan Limited

## Notes to the Condensed Interim Financial Statements

For the six month period ended June 30, 2021

### 10.2 Reportable segment assets and liabilities

As at June 30, 2021 (un-audited)

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
	----- (Rupees in '000) -----			
Segment assets	49,683,099	15,689,400	65,619	65,438,118
Unallocated assets				1,619,507
Total assets				<u>67,057,625</u>
Segment equity and liabilities	23,047,981	6,347,280	19,286	29,414,547
Unallocated equity and liabilities				37,643,078
Total equity and liabilities				<u>67,057,625</u>

As at December 31, 2020 (audited)

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
	----- (Rupees in '000) -----			
Segment assets	44,565,339	15,720,130	51,699	60,337,168
Unallocated assets				569,197
Total assets				<u>60,906,365</u>
Segment equity and liabilities	23,746,067	6,450,298	36,170	30,232,535
Unallocated equity and liabilities				30,673,830
Total equity and liabilities				<u>60,906,365</u>

(Un-audited)

June 30, 2021

(Un-audited)

June 30, 2020

----- (Rupees in '000) -----

### 10.3 Geographical segments

Sales are made by the Company in the following countries:

Pakistan	64,629,375	57,414,897
Afghanistan	838,177	700,637
Other countries	337,294	274,792
	<u>65,804,846</u>	<u>58,390,326</u>

The Company manages and operates manufacturing facilities and sales offices in Pakistan only.

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# Nestlé Pakistan Limited

## Notes to the Condensed Interim Financial Statements

For the six month period ended June 30, 2021

### 11. Financial risk management

The Company's financial risk management objective and policies are consistent with those disclosed in the audited financial statements of the Company for the year ended December 31, 2020.

There is no change in the nature and corresponding hierarchies of fair valuation levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended December 31, 2020.

### 12. Dividend

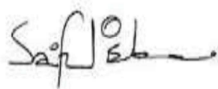
The Board of Directors in their meeting held on July 29, 2021 have proposed an interim cash dividend for the six month period ended June 30, 2021 of Rs. 115 (June 30, 2020: Rs. 83) per share, amounting to Rs. 5,215.20 million (Jun 30, 2020: Rs. 3,764.02 million). These condensed interim financial statements do not reflect this dividend.

### 13. General

These condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency. Figures have been rounded off to the nearest thousand of rupee.

### 14. Date of authorization for issue

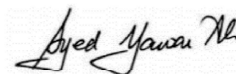
These un-audited condensed interim financial statements were authorized for issue on July 29, 2021 by the Board of Directors.



**SYED SAIFUL ISLAM**  
Chief Financial Officer



**SAMER CHEDID**  
Chief Executive Officer



**SYED YAWAR ALI**  
Chairman