

Condensed interim financial information for
the six months ended June 30, 2022



Nestlé

Good Food, Good Life

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, 2022.

Business Performance Review:

During the period, the Company recorded a revenue of PKR 80.4 billion, an increase of 22.2% compared to the same period last year benefiting from normalization of economic activities. The growth was supported by strong demand generation activities which resulted in incremental volume, further complemented by portfolio and pricing management. Operating profit improved, benefiting from sales growth, favorable product mix and tighter control on fixed costs.

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

	Jan – Jun 2022 PKR Million	Jan – Jun 2021 PKR Million	Change
Sales	80,443	65,805	+22.2%
Gross Profit	26,163	19,594	+33.5%
% of sales	32.5%	29.8%	
Operating Profit	15,595	9,905	+57.4%
% of sales	19.4%	15.1%	
Net Profit after tax	7,695	5,783	+33.1%
% of sales	9.6%	8.8%	
Earnings per share	169.7	127.5	+33.1%

Future outlook:

The economy in Pakistan, like rest of the world, is passing through a turbulent time due to the high energy and commodity prices and fears of a global recession. The situation has been further aggravated by a steep depreciation of the currency in the last few months. All these factors are putting huge pressure on the disposable income of the consumers and might have an adverse impact on the consumption. The management of the company is fully cognizant of the situation and taking all necessary measures to manage these challenges and will continue to delight consumers with quality products and remains cautiously optimistic about the future.

For and on behalf of the
Board of Directors



Samer Chedid
Chief Executive Officer
Lahore: July 28, 2022



**Building a better
working world**

NESTLE PAKISTAN LIMITED

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2022**

EY Ford Rhodes
Chartered Accountants
96-B-I, 4th Floor, Pace Mall Building
M. M. Alam Road, Gulberg-II
P.O. Box 104, Lahore-54660

Tel: +9242 3577 8402-11
Fax: +9242 3577 8412-13
ey.lhr@pk.ey.com
ey.com/pk

DRAFT REVIEW REPORT SUBJECT TO RESOLUTION OF OUTSTANDING MATTERS

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 2022** 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:
UDIN:

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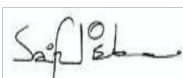
Nestlé Pakistan Limited

Condensed Interim Statement of Financial Position

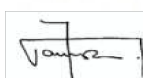
As at June 30, 2022

	Note	(Un-audited) June 30, 2022	(Audited) Dec 31, 2021
		----- (Rupees in '000) -----	
Non-current assets			
Property, plant and equipment	4.	29,191,056	29,274,553
Capital work-in-progress		674,703	2,026,307
Long-term loans		221,774	159,848
		<u>30,087,533</u>	<u>31,460,708</u>
Current assets			
Stores and spares		3,447,933	3,045,805
Stock-in-trade		22,391,192	18,600,718
Trade debts		2,240,909	923,484
Current portion of long-term loans		118,476	116,810
Advances, deposits, prepayments and other receivables		3,550,135	3,453,222
Sales tax refundable - net		7,690,343	7,059,231
Cash and bank balances		718,949	743,920
		<u>40,157,937</u>	<u>33,943,190</u>
Current liabilities			
Current portion of long-term liabilities		37,035	130,869
Short-term borrowings - secured		5,519,260	6,000,000
Running finance under mark-up arrangements - secured		2,236,122	4,226,529
Customer security deposits - interest free		210,180	195,890
Unclaimed dividend		72,592	71,894
Unpaid dividend		-	2,011,404
Trade and other payables		29,271,347	28,023,293
Contract liabilities		297,260	682,065
Income tax payable		4,360,574	1,444,883
Interest and mark-up accrued		357,424	480,643
		<u>42,361,794</u>	<u>43,267,470</u>
Net working capital		<u>(2,203,857)</u>	<u>(9,324,280)</u>
Total capital employed		<u>27,883,676</u>	<u>22,136,428</u>
Long term and deferred liabilities			
Long term finances - secured		14,500,000	12,000,000
Lease liabilities		97,342	115,479
Deferred taxation		583,270	1,241,580
Retirement benefits		3,683,828	3,376,097
		<u>18,864,440</u>	<u>16,733,156</u>
Contingencies and commitments	5.	<u>9,019,236</u>	<u>5,403,272</u>
Net assets		<u>9,019,236</u>	<u>5,403,272</u>
Financed by:			
Share capital and reserves			
Authorized capital		750,000	750,000
75,000,000 (December 31, 2021: 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
Cash flow hedge reserve		(219)	(2,537)
Accumulated profits		8,036,432	4,422,786
		<u>9,019,236</u>	<u>5,403,272</u>

The annexed notes 1 to 12 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

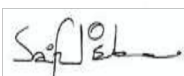
Nestlé Pakistan Limited

Condensed Interim Statement of Profit or Loss

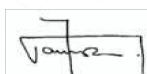
For the six months period ended June 30, 2022 (un-audited)

	Six month period ended		Three month period ended	
	Jun 30, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
	--- (Pak Rupees in '000) ---		--- (Pak Rupees in '000) ---	
Revenue from contracts with customers	80,442,598	65,804,846	42,661,176	33,470,930
Cost of goods sold	(54,279,279)	(46,211,022)	(29,163,126)	(23,854,151)
Gross profit	26,163,319	19,593,824	13,498,050	9,616,779
Distribution and selling expenses	(8,224,103)	(7,696,906)	(4,348,393)	(3,906,393)
Administration expenses	(2,344,093)	(1,992,045)	(1,053,649)	(942,280)
Operating profit	15,595,123	9,904,873	8,096,008	4,768,106
Finance cost	(1,238,928)	(999,392)	(640,333)	(525,505)
Other expenses	(1,498,543)	(960,746)	(837,589)	(723,955)
	(2,737,471)	(1,960,138)	(1,477,922)	(1,249,460)
Other income	144,203	201,889	117,278	83,803
Profit before taxation	13,001,855	8,146,624	6,735,364	3,602,449
Taxation	(5,306,745)	(2,363,340)	(3,456,101)	(1,028,465)
Profit after taxation	7,695,110	5,783,284	3,279,263	2,573,985
Earnings per share basic and diluted (Rupees)	169.68	127.53	72.31	56.76

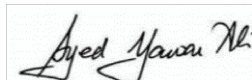
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SAMER CHEDID
Chief Executive Officer



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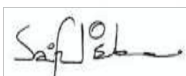
Nestlé Pakistan Limited

Condensed Interim Statement of Comprehensive Income

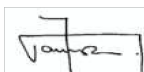
For the six months period ended June 30, 2022 (un-audited)

	Six month period ended		Three month period ended	
	Jun 30, 2022	Jun 30, 2021	Jun 30, 2022	Jun 30, 2021
	--- (Pak Rupees in '000) ---		--- (Pak Rupees in '000) ---	
Profit after taxation	7,695,110	5,783,284	3,279,263	2,573,985
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss (net of tax)				
Remeasurement gain / (loss) of cash flow hedges - effective portion	3,243	-	(7,090)	-
Related tax	(925)	-	2,028	-
	2,318	-	(5,062)	-
Items that will not be reclassified subsequently to profit or loss (net of tax)	-	-	-	-
Total other comprehensive income / (loss)	2,318	-	(5,062)	-
Total comprehensive income for the year	7,697,428	5,783,284	3,274,201	2,573,985

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



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Chief Financial Officer



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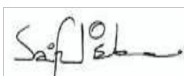
Nestlé Pakistan Limited

Condensed Interim Statement of Changes in Equity

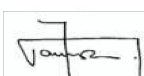
For the six months period ended June 30, 2022 (un-audited)

	Share Capital	Capital reserves Share premium	General reserve	Revenue reserves Cashflow hedge reserve	Accumulated profit	Total
	(Rupees in '000)					
Balance as at January 01, 2021 (audited)	453,496	249,527	280,000	-	3,207,419	4,190,442
<u>Total comprehensive income for the six months ended June 30, 2021</u>						
Profit after taxation	-	-	-	-	5,783,284	5,783,284
Other comprehensive income	-	-	-	-	-	-
<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
<u>Total comprehensive income for the six months ended December 31, 2021</u>						
Profit after taxation	-	-	-	-	6,984,817	6,984,817
Other comprehensive income	-	-	-	(2,537)	56,759	54,222
	-	-	-	(2,537)	7,041,576	7,039,039
<u>Transaction with owners directly recognized in equity</u>						
Interim dividend for the six month period ended June 30, 2021 (Rs. 115 per share)	-	-	-	-	(5,215,202)	(5,215,202)
Interim dividend for the nine month period ended September 30, 2021 (Rs. 80 per share)	-	-	-	-	(3,627,967)	(3,627,967)
Balance as at December 31, 2021 (audited)	453,496	249,527	280,000	(2,537)	4,422,786	5,403,272
<u>Total comprehensive income for the six months ended June 20, 2022</u>						
Profit after taxation	-	-	-	-	7,695,110	7,695,110
Other comprehensive income	-	-	-	2,318	-	2,318
	-	-	-	2,318	7,695,110	7,697,428
<u>Transaction with owners directly recognized in equity</u>						
Final dividend for the year ended December 31, 2021 (Rs. 90 per share)	-	-	-	-	(4,081,464)	(4,081,464)
Balance as at June 30, 2022 (un-audited)	453,496	249,527	280,000	(219)	8,036,432	13,100,700

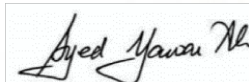
The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.



SYED SAIFUL ISLAM
Chief Financial Officer



SAMER CHEDID
Chief Executive Officer



SYED YAWAR ALI
Chairman

Nestlé Pakistan Limited

Condensed Interim Statement of Cash Flows

For the six months period ended June 30, 2022 (un-audited)

	Jun 30, 2022	Jun 30, 2021
Note	--- (Pak Rupees in '000) ---	
<u>Cash flow from operating activities</u>		
Profit before taxation	13,001,855	8,146,624
<i>Adjustment for non-cash charges and other items:</i>		
Depreciation on property, plant and equipment	1,870,952	1,984,280
Impairment charge	120,628	227,580
Gain on disposal of property, plant and equipment - owned	(18,503)	(111,801)
Loss on disposal of property, plant and equipment - leased	20,967	-
Provision for workers' profit participation fund	665,497	416,001
Provision for workers' welfare fund	307,641	172,644
Increase / (decrease) in provision for stores and spares	107,397	(19,520)
Increase in provision for stock in trade	328,315	51,063
Reversal of provision against doubtful debts / expected credit loss	(4,444)	(1,428)
Exchange rate loss realized	286,869	328,580
Exchange rate loss / (gain) unrealized	74,344	(187,231)
Provision for defined benefits plans	541,447	375,298
Finance cost	1,238,928	999,392
Profit before working capital changes	18,541,893	12,381,482
<i>Effect on cash flow due to working capital changes:</i>		
<i>Increase in current assets:</i>		
Stores and spares	(509,525)	(209,671)
Stock-in-trade	(4,118,789)	(5,904,607)
Trade debts	(1,312,981)	(112,567)
Advances, deposits, prepayments and other receivables	(728,025)	(744,290)
<i>Increase / (decrease) in current liabilities:</i>		
Trade and other payables	882,572	(902,775)
Contract liabilities	(384,805)	(261,072)
	(6,171,553)	(8,134,983)
Cash generated from operations	12,370,341	4,246,499
(Decrease) / increase in long term loans - net	(63,592)	14,852
Increase / (decrease) in customer security deposits - interest free	14,290	(32,634)
Contributions by the Company - net	(233,716)	(225,966)
Workers' profit participation fund paid	(965,626)	(646,634)
Finance cost paid	(1,353,298)	(857,831)
Income taxes paid	(3,050,289)	(1,688,888)
Net cash generated from operating activities	6,718,110	809,399

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Nestlé Pakistan Limited

Condensed Interim Statement of Cash Flows (continued)

For the six months period ended June 30, 2022 (un-audited)

Jun 30, 2022 Jun 30, 2021
Note --- (Pak Rupees in '000) ---

Cash flow from investing activities

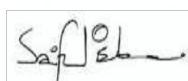
Fixed capital expenditure	(582,129)	(770,003)
Sale proceeds from disposal of property, plant and equipment	23,185	151,202
Net cash used in investing activities	(558,944)	(618,801)

Cash flow from financing activities

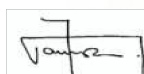
Long-term loans obtained	3,500,000	-
Long-term loans repaid	(1,081,975)	(3,599,160)
Short-term borrowings obtained	519,260	5,500,000
Short-term borrowings repaid	(3,500,000)	(7,417,473)
Short term borrowings - net (less than 90 days)	2,500,000	7,000,000
Repayment of lease liabilities	(38,845)	(2,794)
Dividends paid	(6,092,170)	(2,775,459)
Net cash used in financing activities	(4,193,731)	(1,294,887)
Net increase/(decrease) in cash and cash equivalents	1,965,436	(1,104,289)
Cash and cash equivalents at beginning of the period	(3,482,609)	(41,190)
Cash and cash equivalents at end of the period	6. (1,517,173)	(1,145,479)

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

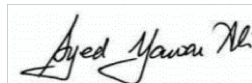
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SYED SAIFUL ISLAM
Chief Financial Officer



SAMER CHEDID
Chief Executive Officer



SYED YAWAR ALI
Chairman

Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six months period ended June 30, 2022 (un-audited)

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 Société des Produits Nestlé S.A. (SPN), the Holding Company, which in turn is a wholly owned subsidiary of Nestlé S.A., the Ultimate Parent Company, incorporated in Switzerland.

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 Packages Mall, Shahrah-e-Roomi, PO Amer Sidhu, Lahore, (previously 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, 2022 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 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.

- 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, 2021. Comparative condensed interim statement of financial position is stated from annual audited financial statements as of December 31, 2021, 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, 2021.

These Financial Statements are unaudited but subject to limited review by Company's statutory auditors.

2.2 Judgements and estimates

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. 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, 2021.

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Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six months period ended June 30, 2022 (un-audited)

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, 2021, except 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 3	Reference to conceptual framework — (Amendments)
IAS 16	Property, plant and equipment: Proceeds before intended use — (Amendments)
IAS 37	Onerous contracts - costs of fulfilling a contract — (Amendments)
AIP IFRS 1	First-time Adoption of International Financial Reporting Standards — Subsidiary as a first-time adopter
AIP IFRS 9	Fees in the '10 per cent' test for derecognition of financial liabilities
AIP IAS 41	Agriculture — Taxation in fair value measurements

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)
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)	Not yet finalized

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, 2022.

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

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Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six months period ended June 30, 2022 (un-audited)

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.

	(Un-audited) Jun 30, 2022	(Audited) Dec 31, 2021
	----- (Rupees in '000) -----	
4. Property, plant and equipment		
Opening balance - net book value	29,274,553	28,679,851
Additions during the period / year	1,933,730	4,884,806
	<u>31,208,283</u>	<u>33,564,657</u>
Book value of property, plant and equipment disposed off during the period / year	(25,649)	(82,506)
Depreciation charged during the period / year	(1,870,950)	(3,858,736)
Impairment charged during the period / year	(120,628)	(348,862)
Closing balance - Net book value	<u>29,191,056</u>	<u>29,274,553</u>

5. Contingencies and commitments

5.1 There has been no significant change in the status of the contingencies reported in the annual audited financial statements for the year ended December 31, 2021.

	(Un-audited) Jun 30, 2022	(Audited) Dec 31, 2021
	----- (Rupees in '000) -----	

5.2 Guarantees

Outstanding guarantees	<u>570,203</u>	<u>271,207</u>
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5.3 Commitments

5.3.1 Letters of credit

Outstanding letters of credit	<u>18,929</u>	<u>1,588,390</u>
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5.3.2 Commitments in respect of capital expenditure

	<u>1,217,278</u>	<u>244,444</u>
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5.3.3 Commitments in respect of forward foreign currency contracts:

- USD	66,529	37,076
- EUR	-	79,806
- CNY	99,023	61,947
	<u>165,552</u>	<u>178,829</u>

6. Cash and cash equivalents

Cash and bank balances	718,949	1,321,090
Short term running finance under mark-up arrangements - secured	(2,236,122)	(2,466,569)
	<u>(1,517,173)</u>	<u>(1,145,479)</u>

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Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six months period ended June 30, 2022 (un-audited)

7. 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, 2022	(Un-audited) Jun 30, 2021
	----- (Rupees in '000) -----	
<i>Associated companies</i>		
License fee	2,720,769	2,099,153
Dividends	3,326,802	2,184,007
Purchase of goods, services, assets and rent expense	12,228,917	8,945,942
Sale of goods	23,722	840,729
Insurance premium	240,939	237,255
Insurance claims	17,199	14,062
Donations	-	1,000
<i>Other related parties</i>		
Contribution paid to staff retirement benefits plan	426,148	408,720
Remuneration to key management personnel	2,195,024	1,955,097

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

8. 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

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Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six months period ended June 30, 2022 (un-audited)

8.1 Segment analysis for the six month period ended June 30, 2022 (un-audited)

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
	----- (Rupees in '000) -----			
Revenue from contracts with customers	60,262,905	20,162,524	17,169	80,442,598
Depreciation and amortization	1,315,712	555,240	-	1,870,952
Operating profit / (loss) before tax and unallocated expenses	12,646,758	2,946,018	2,347	15,595,123
Unallocated corporate expenses:				
Finance cost				(1,238,928)
Other operating expenses				(1,498,543)
Other income				144,203
Taxation				(5,306,745)
Profit after taxation				7,695,110

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 / (loss) 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

There is no inter segment revenue between operating segments.

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Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six months period ended June 30, 2022 (un-audited)

8.2 Reportable segment assets and liabilities

As at June 30, 2022

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
	----- (Rupees in '000) -----			
Segment assets	50,680,159	18,417,035	89,077	69,186,271
Unallocated assets				1,059,199
Total assets				<u>70,245,470</u>
Segment liabilities	14,731,010	5,389,629	23,877	20,144,516
Unallocated liabilities				50,100,954
Total liabilities				<u>70,245,470</u>

As at December 31, 2021 (audited)

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
	----- (Rupees in '000) -----			
Segment assets	46,556,871	15,476,214	43,547	62,076,632
Unallocated assets				3,327,266
Total assets				<u>65,403,898</u>
Segment liabilities	14,875,045	4,600,693	12,522	19,488,260
Unallocated liabilities				45,915,638
Total liabilities				<u>65,403,898</u>

(Un-audited) (Un-audited)
Jun 30, 2022 Jun 30, 2021

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

8.3 Geographical segments

Sales are made by the Company in the following countries:

Pakistan	79,113,711	64,629,375
Afghanistan	700,048	838,177
Other countries	628,838	337,294
	<u>80,442,598</u>	<u>65,804,846</u>

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

9. 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, 2021.

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, 2021.

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Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six months period ended June 30, 2022 (un-audited)

10. Dividend

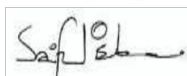
The Board of Directors in their meeting held on July 28, 2022 have proposed an interim cash dividend for the six month period ended June 30, 2022 of Rs. 155 (June 30, 2021: Rs. 115) per share, amounting to Rs. 7,029.19 million (Jun 30, 2021: Rs. 5,215.20 million). These condensed interim financial statements do not reflect this dividend.

11. General

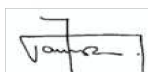
These condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency. Figures have been rounded off to the nearest thousand of rupee.

12. Date of authorization for issue

These un-audited condensed interim financial statements were authorized for issue on July 28, 2022 by the Board of Directors.



SYED SAIFUL ISLAM
Chief Financial Officer



SAMER CHEDID
Chief Executive Officer



SYED YAWAR ALI
Chairman