



contents

Directors' Report to the Shareholders	3
Condensed Interim Balance Sheet	4
Condensed Interim Profit and Loss Account	6
Condensed Interim Statement of Comprehensive Income	7
Condensed Interim Cash Flow Statement	8
Condensed Interim Statement of Changes in Equity	9
Selected Notes to the Condensed Interim Financial Information	10
Company Information	15

Directors' Report to the Shareholders

The Directors of the Company are pleased to submit the first quarter report along with condensed interim financial information of the company for the three months period ended March 31, 2013.

During first quarter, the sales of the Company were only slightly higher than last year mainly due to law and order situation resulting into average 10 lost sale days, energy shortages and lower consumer's disposable income.

Despite above mentioned challenges, we have accelerated our investments behind our brands aiming to build brands with stronger value propositions to provide healthy & nutritious products to our consumers.

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

	Jan - Mar 2013 PKR Million	Jan - Mar 2012 PKR Million	Change %
Sales	20,427	20,194	+ 1.2%
Operating Profit	3,348	2,974	+ 13%
% of sales	16.4%	14.7%	
Net Profit	1,892	1,665	+ 14%
% of sales	9.3%	8.2%	
Earnings per share	41.72	36.71	+ 14%

Sales:

The sales revenue stood at PKR 20.4 billion registering growth of +1.2% compared to same period last year. Our export sales during the period stood at 1.7 billion.

Operating Profit:

Our gross margins improved by 440 bps compared to the same period last year mainly due to lower inflation in commodities & other inputs, total delivered cost reduction initiatives and tight control of overheads.

The operating profit reached PKR 3.3 billion registering a +13% growth vs. same period last year.

Net Profit:

Our net profit improved by 110 bps reaching to 1.9 billion, registering a growth of 14% vs. same period last year.

Future Outlook:

Having faith in strong potential of Pakistan fuelled by its growing population, the Company retains a positive outlook and will continue to invest to drive sustainable profitable growth and meet demand.

For and on behalf
of the Board of Directors



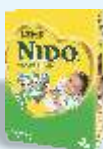
MAGDI BATATO
Chief Executive

Lahore: April 19, 2013



Condensed Interim Balance Sheet As at March 31, 2013 (Un-audited)

	Notes	Mar. 31, 2013 Rs'000	Dec. 31, 2012 Rs'000
Tangible fixed assets			
Property, plant and equipment	8.1	25,647,274	21,881,973
Assets subject to finance lease	8.2	85,805	88,984
Capital work-in-progress		8,051,956	11,549,623
		33,785,035	33,520,580
Intangible assets			
Goodwill		5,977	7,173
Long term loans and advances		104,178	104,178
Long term security deposits		253,637	236,639
Current assets		101,369	98,663
Stores and spares		1,386,272	1,373,239
Stock in trade		12,749,020	8,025,653
Trade debts		1,961,827	491,842
Current portion of long term loans and advances		48,234	45,735
Advances, deposits, prepayments and other receivables		7,878,561	6,208,184
Cash and bank balances		775,677	760,831
		24,799,591	16,905,484
Less: Current liabilities			
Current portion of non current liabilities		64,665	41,686
Short term borrowings – secured		5,100,000	3,900,000
Short term running finance under mark-up arrangements - secured		8,139,880	5,937,374
Customer security deposits – interest free		188,543	184,441
Trade and other payables		10,282,431	9,743,567
Interest and mark-up accrued		370,803	196,345
		24,146,322	20,003,413
Net working capital		653,269	(3,097,929)
Total capital employed		34,903,465	30,869,304
Long term and deferred liabilities			
Long term finances	6	16,841,687	15,366,964
Deferred taxation		3,956,718	3,304,091
Retirement and other benefits		652,685	637,985
		21,451,909	19,309,040
Contingencies and commitments	7		
Net assets		13,452,375	11,560,264



Financed by: Share capital and reserves

	Mar. 31, 2013 Rs'000	Dec. 31, 2012 Rs'000
Authorized capital		
75,000,000 (2012: 75,000,000) ordinary shares of Rs 10 each	750,000	750,000
Issued, subscribed and paid-up capital	453,496	453,496
Share premium	249,527	249,527
General reserve	280,000	280,000
Accumulated profit	12,469,352	10,577,241
	13,452,375	11,560,264

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

GIUSEPPE BONANNO
Head of Finance & Control

MAGDI BATATO
Chief Executive

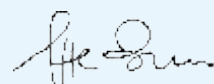
SYED YAWAR ALI
Chairman



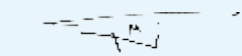
Condensed Interim Profit and Loss Account For the Three Months Period Ended March 31, 2013 (Un-audited)

	<u>Three months ended</u>	
	Mar. 31, 2013 Rs'000	Mar. 31, 2012 Rs'000
Sales - net	20,427,003	20,193,681
Cost of goods sold	(13,967,698)	(14,690,167)
Gross profit	6,459,305	5,503,514
Distribution and selling expenses	(2,620,354)	(2,064,463)
Administrative expenses	(490,578)	(465,397)
	(3,110,932)	(2,529,860)
Operating profit	3,348,373	2,973,654
Finance cost	(412,744)	(429,980)
Other operating expenses	(394,625)	(304,407)
	(807,369)	(734,387)
Other operating income	49,721	37,949
Profit before taxation	2,590,725	2,277,216
Taxation	(698,614)	(612,588)
Profit after taxation	1,892,111	1,664,628
Earnings per share – basic and diluted (Rupees)	41.72	36.71

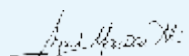
The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



GIUSEPPE BONANNO
Head of Finance & Control



MAGDI BATATO
Chief Executive



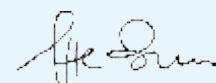
SYED YAWAR ALI
Chairman



Condensed Interim Statement of Comprehensive Income For the Three Months Period Ended March 31, 2013 (Un-audited)

	Mar. 31, 2013 Rs'000	Mar. 31, 2012 Rs'000
Profit after taxation	1,892,111	1,664,628
Other comprehensive income	-	-
Total comprehensive income for the period	1,892,111	1,664,628

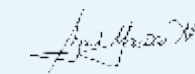
The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



GIUSEPPE BONANNO
Head of Finance & Control



MAGDI BATATO
Chief Executive



SYED YAWAR ALI
Chairman



Condensed Interim Cash Flow Statement For the Three Months Period Ended March 31, 2013 (Un-audited)

	Note	Mar. 31, 2013 Rs'000	Mar. 31, 2012 Rs'000
Cash flow from operating activities			
Cash generated from operations	9	(3,354,952)	(2,498,881)
Decrease/ (Increase) in long term loans and advances		(19,497)	1,557
Decrease/ (Increase) in long term deposits and prepayments		(2,706)	-
Increase in customer security deposits - interest free		4,102	1,867
Retirement and other benefits paid		(37,587)	(53,233)
Finance cost paid		(238,286)	(276,913)
Taxes paid		(185,702)	(614,235)
Net cash (outflow) from operating activities		(3,834,628)	(3,439,838)
Cash flow from investing activities			
Fixed capital expenditure		(939,766)	(1,349,537)
Sale proceeds of property, plant and equipment		2,408	6,683
Net cash (used in) investing activities		(937,358)	(1,342,854)
Cash flow from financing activities			
Proceeds from long term finances		1,388,598	1,500,000
Net movement in short term borrowings - secured		1,200,000	4,000,000
Payment of finance lease liabilities		(4,253)	(12,179)
Dividend paid		(19)	670
Net cash inflow from financing activities		2,584,326	5,488,491
Net (Decrease)/ Increase in cash and cash equivalents		(2,187,660)	705,799
Cash and cash equivalents at beginning of the period		(5,176,543)	(3,473,211)
Cash and cash equivalents at end of the period		(7,364,203)	(2,767,412)
Cash and cash equivalents			
Cash and bank balances		775,677	1,227,004
Short term running finance under mark-up arrangements – secured		(8,139,880)	(3,994,416)
		(7,364,203)	(2,767,412)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

GIUSEPPE BONANNO
Head of Finance & Control

MAGDI BATATO
Chief Executive

SYED YAWAR ALI
Chairman



Condensed Interim Statement of Changes in Equity For the Three Months Period Ended March 31, 2013 (Un-audited)

	Share capital	Share premium	General reserve	Accumulated profits	Total
Balance as at December 31, 2011	453,496	249,527	280,000	6,629,393	7,612,416
Final dividend for the year ended December 31, 2011 (Rs 40 per share)	-	-	-	(1,813,983)	(1,813,983)
Total comprehensive income for the period	-	-	-	1,664,628	1,664,628
Balance as at March 31, 2012	453,496	249,527	280,000	6,480,038	7,463,061
Total comprehensive income for the period	-	-	-	4,097,203	4,097,203
Balance as at December 31, 2012	453,496	249,527	280,000	10,577,241	11,560,264
Total comprehensive income for the period	-	-	-	1,892,111	1,892,111
Balance as at March 31, 2013	453,496	249,527	280,000	12,469,352	13,452,375

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.

GIUSEPPE BONANNO
Head of Finance & Control

MAGDI BATATO
Chief Executive

SYED YAWAR ALI
Chairman

Selected Notes to the Condensed Interim Financial Information

For the Three Months Period Ended March 31, 2013 (Un-audited)

1. Nestlé Pakistan Ltd. ("the Company") is a public limited company incorporated in Pakistan and its shares are quoted on the Karachi and Lahore Stock exchanges. The principal activity of the Company is manufacturing, purchase, processing and sale of food products (dairy, confectionery, culinary, coffee, beverages, infant nutrition and drinking water). Registered office of the Company is situated at Babar Ali Foundation Building, 308 - Upper Mall, Lahore.
2. This condensed interim financial information is un-audited and has been presented in accordance with the requirements of International Accounting standards "IAS-34 (Interim financial reporting)".
3. This condensed interim financial information of the company for the three months period ended 31 March 2013 has been presented in accordance with the requirement of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
4. Accounting policies adopted for the preparation of the condensed interim financial information are same as those applied in the preparation of annual audited financial statements of the Company for the year ended 31 December 2012.
5. The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect 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 this condensed interim financial information, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements as at and for the year ended 31 December 2012.
6. **Long term finances**
This includes US\$ 65 million (2012 : US\$ 65 million) loan from Nestle Treasury Centre Middle East and Africa Limited, Dubai. US\$ 15 million is due in December 2015 and US\$ 50 million is due in May 2016. Mark-up is payable semi annually at six months LIBOR plus 150 basis points.
7. **Contingencies and commitments**
 - 7.1 There is no material contingency as at balance sheet date.
 - 7.2 Claims against the company not acknowledged as debts Rs 5.179 million (December 31, 2012: Rs 5.179 million).

	Mar. 31, 2013 Rs'000	Dec. 31, 2012 Rs'000
7.3 Guarantees		
Outstanding guarantees	262,983	262,249
Un-utilized portion	132,017	132,751
7.4 Commitments in respect of capital expenditure	1,571,700	148,847
7.5 Letters of credit		
Other outstanding letters of credit	1,138,099	1,091,476
Un-utilized portion	4,884,901	3,481,689
8. Tangible fixed assets		
8.1 Property, plant and equipment		
Opening balance at net book value	21,881,973	16,088,929
Additions during the period	4,437,433	8,277,768
	<hr/> 26,319,406	<hr/> 24,366,697
Book value of property, plant and equipment disposed off during the period	(20,641)	(219,797)
Depreciation charged during the period	(651,491)	(2,115,283)
Impairment charge	-	(149,644)
	<hr/> 25,647,274	<hr/> 21,881,973
8.2 Assets subject to finance lease		
Opening balance at net book value	88,984	141,599
Additions during the period	-	-
	<hr/> 88,984	<hr/> 141,599
Book value of leased asset transfers during the period	-	(36,265)
Depreciation charged during the period	(3,179)	(16,350)
	<hr/> 85,805	<hr/> 88,984



	Mar. 31, 2013 Rs'000	Mar. 31, 2012 Rs'000
9. Cash generated from operations		
Profit before taxation	2,590,725	2,277,216
Adjustment for non-cash charges and other items:		
Depreciation and amortization	655,865	474,555
Loss on disposal of property, plant and equipment	19,268	44,384
Retirement benefits	52,287	47,152
Exchange loss/ (gain) on associated company loan	86,125	44,525
Finance cost	412,744	429,980
Profit before working capital changes	3,817,014	3,317,812
Effect on cash flow due to working capital changes:		
Decrease / (increase) in:		
Stores and spare	(13,033)	(56,635)
Stock in trade	(4,723,367)	(2,924,969)
Trade debts	(1,469,984)	(526,496)
Advances, deposits, prepayments and other receivables	(1,504,465)	(2,338,654)
(Decrease) / increase in:		
Trade and other payables	538,883	29,788
	(7,171,966)	(5,816,693)
	(3,354,952)	(2,498,881)

10. Transactions with related parties

Related parties comprise of Nestlé S.A, its subsidiaries and associates, and other companies with common directors that of Nestlé Pakistan Ltd. with significant influence on these companies, employees retirement benefit funds and key employees. Significant transactions with related parties are summarized as follows:

	Mar. 31, 2013 Rs'000	Mar. 31, 2012 Rs'000
Associated companies:		
Royalty and technical assistance fee	550,859	547,070
Purchase of goods, services and rental	3,731,397	3,378,325
Interest on loan	32,236	33,676
Contribution to staff retirement benefits plan	52,287	47,153

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



11. Segment reporting:

Segment information is presented in respect of the Company's business. The primary format, business segment, is based on the Company's management reporting structure.

Segment analysis for the three months ended March 31, 2013

	Milk & Nutrition Products	Beverages	Other Operations	Total
	Rs'000			
Sales				
External sales	16,977,936	3,315,261	133,806	20,427,003
Inter-segment sales	-	-	-	-
Total revenue	16,977,936	3,315,261	133,806	20,427,003
Depreciation and amortization	445,341	188,992	21,532	655,865
Profit before tax and unallocated expenses	3,126,764	358,370	(136,761)	3,348,373
Unallocated corporate expenses:				
Finance cost				(412,744)
Other operating expenses				(394,625)
Other operating income				49,721
Taxation				(698,614)
Profit after taxation				1,892,111



Segment analysis for the three months period ended March 31, 2012

	Milk & Nutrition Products	Beverages	Other Operations	Total
	Rs'000			
Sales				
External sales	17,559,506	2,372,869	261,306	20,193,681
Inter-segment sales	-	-	-	-
Total revenue	17,559,506	2,372,869	261,306	20,193,681
Depreciation and amortization	368,448	100,982	5,125	474,555
Profit before tax and unallocated expenses	2,703,511	250,966	19,177	2,973,654
Unallocated corporate expenses:				
Finance cost				(429,980)
Other operating expenses				(304,407)
Other operating income				37,949
Taxation				(612,588)
Profit after taxation				1,664,628

12. Date of authorization for issue

This condensed interim financial information was authorized for issue on April 19, 2013 by the Board of Directors.

13. Dividend

The board of directors in their meeting held on April 19, 2013 have proposed interim cash dividend for the three months ended March 31, 2013 of Rs. Nil per share, amounting to Rs. Nil (March 31, 2012 : Rs. Nil). This financial information does not reflect this dividend.

14. Corresponding figures

14.1 Previous year's figures have been re-arranged, wherever necessary for the purpose of comparison. However, no significant rearrangements have been made.

14.2 Figures have been rounded off to the nearest of thousand of rupee.

GIUSEPPE BONANNO
Head of Finance & Control

MAGDI BATATO
Chief Executive

SYED YAWAR ALI
Chairman



COMPANY INFORMATION

Board of Directors

Syed Yawar Ali
Magdi Batato
Naveed Ahmad Khan
Giuseppe Bonanno
Pierre Schaufelberger
Syed Babar Ali
Syed Hyder Ali

Chairman
Managing Director
Director
Director
Director
Director
Director

Company Secretary

Ali Sadozai

Management

Abdullah Jawaid Ahmad
Amir Iqbal
Arsalan Khan
Asim Rifat
Abdul Wasey Khan
Dr. Usman Iqbal Bhatti
Faisal Akhtar Rana
Giuseppe Bonanno
Magdi Batato
Shehzad Umar
Muhammad Ali Sadozai
Muhammad Nauman Khan
Naveed Ahmad Khan
Salman Nazir
Samra Maqbool
Shaheen Sadiq
Waqar Ahmad Sheikh
Zafar Hussain Shah

BM Chilled Dairy
BEM Ambient Dairy
BM Beverages
CBM Maternal & Infant Nutrition
Head of Nestlé Continuous Excellence
CBM Waters
BM Coffee, Milk Modifiers & Cereals
Head of Finance & Controls
Market Head
Head of Human Resources
Head of Legal Affairs & Company Secretary
CBM Professional
Head of Technical
Head of Supply Chain
BM Culinary & Food
Head of Communication & Marketing Services
Head of Corporate Affairs
Head of Sales

Registered & Corporate Office

308 – Upper Mall, Lahore – 54000, Pakistan.
PABX : (042) 111 637 853
Fax : (042) 35789303 - 4

Corporate Office Annex

304 – Upper Mall, Lahore – 54000, Pakistan.
309 – Upper Mall, Lahore – 54000, Pakistan.
309-A – Upper Mall, Lahore – 54000, Pakistan.



Factories

Sheikhupura

29th Kilometer, Lahore – Sheikhupura Road
Sheikhupura, Punjab, Pakistan.
Phone: (056) 3406615 - 25

Kabirwala

10th Kilometer, Khanewal - Kabirwala Road, Kabirwala
District Khanewal, Punjab, Pakistan.
Phone: (065) 111 637 853 Fax: (065) 2411432

Karachi

Plot No. A – 23, North Western Industrial Zone,
Port Qasim, Karachi, Pakistan.
Phone: (021) 34720151-4

Islamabad

Plot No. 32, Sector (I-10/3), Industrial Area,
Islamabad, Pakistan.
Phone: (051) 4445997

Auditors

KPMG Taseer Hadi & Co. (Chartered Accountants)

Share Registrar / Transfer Agent

Gorsi Associates (Pvt.) Limited.
2nd Floor, 202 – Sufi Chamber, Link McLeod Road, Lahore
Cell: 0346-4479601 , 0324-4460109 Fax: 042-37230865

Legal Advisor

Chima & Ibrahim (Advocates)

Bankers

Allied Bank Limited
Bank Al Habib Ltd.
Barclays Bank PLC, Pakistan
Burj Bank
Citibank N.A.
Deutsche Bank A.G.
Faysal Bank Limited
Habib Bank Ltd.
KASB Bank Ltd
MCB Bank Ltd.
Meezan Bank
National Bank of Pakistan Ltd.
Standard Chartered Bank (Pakistan) Ltd.
The Bank of Punjab
United Bank Limited

