

Condensed interim financial information  
for the nine months ended September 30, 2019



**Nestlé**

Good Food, Good Life

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# Directors' Review Report to the Shareholders

The Directors of the Company are pleased to submit the third quarter report along with the condensed interim financial information of the Company for the nine months period ended September 30, 2019.

The economic environment remained challenging with rising energy and input costs resulting in inflationary pressure which negatively impacted the margins. Further, imposition of sales tax and federal excise duty (on milk powders and beverages) also put pressure on the margins as these costs are being passed onto consumers through phased price increase.

Despite the challenges mentioned above, the Company recorded 3.4% sales growth in Q3 due to focused demand generation activities, introduction of new products and continuous investment behind brands. Sales growth for nine months ending Sep 2019 now stands at -4.2% (vs. -7.7% in six months ending June 2019). Export sales for nine months ended September 2019 stands at PKR 1,540 million.

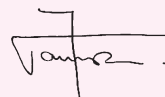
The financial performance for the nine months period is summarized below:

	Jan – Sep 2019 PKR Million	Jan – Sep 2018 PKR Million	Change
Sales	87,053	90,892	-4.2%
Gross Profit	23,939	28,714	-16.6%
% of sales	27.5%	31.6%	
Operating Profit	10,939	15,047	-27.3%
% of sales	12.6%	16.6%	
Net Profit after tax	5,464	8,629	-36.7%
% of sales	6.3%	9.5%	
Earnings per share	120.49	190.28	-36.7%

## Future Outlook:

Despite the tough economic environment, the management remains fully committed and optimistic about the future potential of the business and will continue to delight consumers and fulfil their needs with high quality products and consumer centric innovation & renovation of portfolio while remaining focused on optimization of the value chain.

For and on behalf of the  
Board of Directors



**Samer Chedid**  
Chief Executive Officer

Lahore: October 29, 2019

## Condensed Interim Statement of Financial Position As at September 30, 2019 (un-audited)

	Note	(Un-audited) Sep 30, 2019	(Restated) Dec 31, 2018
———— (Rupees in '000) ————			
<b>Non-current assets</b>			
Property, plant and equipment	4	30,839,201	30,363,333
Capital work-in-progress		1,564,882	3,679,302
Intangible assets		9,413	15,464
Long term loans		259,312	305,333
		<b>32,672,808</b>	<b>34,363,432</b>
<b>Current assets</b>			
Stores and spares		2,039,539	1,951,900
Stock-in-trade		17,534,710	19,711,784
Trade debts		2,682,683	3,116,948
Current portion of long term loans and advances		129,605	132,729
Sales tax refundable - net		3,685,990	4,552,598
Advances, deposits, prepayments and other receivables		4,826,540	2,446,521
Cash and bank balances		1,689,890	745,694
		<b>32,588,957</b>	<b>32,658,174</b>
<b>Current liabilities</b>			
Current portion of long term finances - secured		2,198,319	227,025
Current portion of lease liabilities		394,662	34,820
Short term borrowings - secured		16,964,982	15,242,800
Short term running finance under mark-up arrangements - secured		835,779	1,418,301
Customer security deposits- interest free		208,969	195,431
Unclaimed dividend		3,861,066	20,608
Trade and other payables		26,550,625	31,745,031
Interest and mark-up accrued		320,750	273,854
		<b>51,335,152</b>	<b>49,157,870</b>
<b>Net working capital</b>		<b>(18,746,195)</b>	<b>(16,499,696)</b>
<b>Total capital employed</b>		<b>13,926,613</b>	<b>17,863,736</b>
<b>Long term and deferred liabilities</b>			
Long term finances - secured		6,831,446	9,064,730
Lease liabilities		66,403	237,565
Deferred taxation		2,163,578	2,443,197
Retirement benefits		2,331,473	2,098,020
		<b>11,392,900</b>	<b>13,843,512</b>
<b>Contingencies and commitments</b>	5		
<b>Net assets</b>		<b>2,533,713</b>	<b>4,020,224</b>



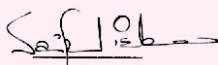
(Un-audited) (Restated)  
Sep 30, 2019 Dec 31, 2018

————(Rupees in ‘000)————

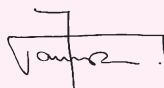
**Financed by:**  
**Share capital and reserves**

Authorized capital 75,000,000 (December 31, 2018: 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	1,550,690	3,037,201
	<b>2,533,713</b>	<b>4,020,224</b>

The annexed notes 1 to 13 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

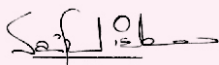


## Condensed Interim Statement of Profit or Loss

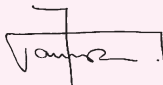
### For the nine months ended September 30, 2019 (un-audited)

	Nine months ended		Three months ended	
	(Restated)		(Restated)	
	Sep 30, 2019	Sep 30, 2018	Sep 30, 2019	Sep 30, 2018
	(Rupees in '000)		(Rupees in '000)	
Sales - net	87,053,262	90,892,495	29,264,151	28,306,719
Cost of sales	(63,114,454)	(62,178,300)	(22,339,519)	(20,015,100)
<b>Gross profit</b>	<b>23,938,808</b>	<b>28,714,195</b>	<b>6,924,632</b>	<b>8,291,620</b>
Distribution and selling expenses	(10,493,001)	(11,307,593)	(3,553,181)	(3,469,739)
Administration expenses	(2,506,569)	(2,359,403)	(847,518)	(729,528)
<b>Operating profit</b>	<b>10,939,238</b>	<b>15,047,200</b>	<b>2,523,933</b>	<b>4,092,353</b>
Finance cost	(2,310,919)	(1,288,808)	(830,468)	(474,639)
Other operating expenses	(1,122,500)	(1,218,676)	(410,027)	(369,833)
	(3,433,419)	(2,507,484)	(1,240,495)	(844,472)
Other income	255,853	200,093	97,706	79,531
<b>Profit before taxation</b>	<b>7,761,672</b>	<b>12,739,808</b>	<b>1,381,144</b>	<b>3,327,411</b>
Taxation	(2,297,349)	(4,110,996)	(388,969)	(1,008,207)
<b>Profit after taxation</b>	<b>5,464,323</b>	<b>8,628,812</b>	<b>992,175</b>	<b>2,319,204</b>
Earnings per share – basic and diluted (Rupees)	120.49	190.27	21.88	51.14

The annexed notes 1 to 13 form an integral part of this condensed interim financial statements.



**SYED SAIFUL ISLAM**  
Chief Financial Officer



**SAMER CHEDID**  
Chief Executive Officer



**SYED YAWAR ALI**  
Chairman

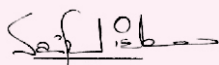


## Condensed Interim Statement of Comprehensive Income

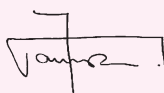
For the nine months ended September 30, 2019 (un-audited)

	Nine months ended		Three months ended	
	(Restated)		(Restated)	
	Sep 30, 2019	Jun 30, 2018	Sep 30, 2019	Sep 30, 2018
	(Rupees in '000)		(Rupees in '000)	
<b>Profit after taxation</b>	5,464,323	8,628,812	992,175	2,319,204
<b>Other comprehensive income</b>				
<i>Items that are or may be classified subsequently to profit or loss:</i>				
- Cash flow hedges - effective portion of changes in fair value	(17,229)	(17,139)	(25,613)	-
- Related tax	4,882	8,782	7,192	-
	(12,347)	(8,357)	(18,421)	-
<b>Total comprehensive income for the period</b>	<b>5,451,976</b>	<b>8,620,455</b>	<b>973,754</b>	<b>2,319,204</b>

The annexed notes 1 to 13 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





For the nine months ended September 30, 2019 (un-audited)

	Capital Reserves			Revenue Reserves		Total
	Share capital	Share premium	Hedging reserve	General reserve	Accumulated profits	
	(Rupees in '000)					
Balance as at December 31, 2017 (audited) as originally reported	453,496	249,527	8,357	280,000	3,642,960	4,634,340
First time adoption of IFRS 16	-	-	-	-	41,002	41,002
Balance as at December 31, 2017 - restated	453,496	249,527	8,357	280,000	3,683,962	4,675,342
<i>Total comprehensive income for the nine months ended September 30, 2018</i>						
Profit after taxation - restated					8,628,812	
Cash flow hedges - effective portion of changes in fair value (net of tax)						
<i>Transaction with owners of the Company recognized directly in equity</i>	-	-	(8,357)	-	8,628,812	8,620,455
Final dividend for the year ended December 31, 2017 (Rs. 80 per share)	-	-	-	-	(3,627,967)	(3,627,967)
Interim dividend for the six months period ended June 30, 2018 (Rs. 110 per share)	-	-	-	-	(4,988,454)	(4,988,454)
Balance as at September 30, 2018 (un-audited) - restated	453,496	249,527	-	280,000	3,696,353	4,679,376
<i>Transaction with owners directly recognized in equity</i>						
Interim dividend for the nine months period ended September 30, 2018 (Rs. 75 per share)	-	-	-	-	(3,401,219)	(3,401,219)

	Capital Reserves			Revenue Reserves		Total
	Share capital	Share premium	Hedging reserve	General reserve	Accumulated profits	
	(Rupees in '000)					
<i>Total comprehensive income for the period ended three months ended December 31, 2018</i>					2,982,747	2,982,747
Profit after taxation - restated					(240,680)	(240,680)
Remeasurement of net retirement benefits liability (net of tax)					2,742,067	2,742,067
Balance as at December 31, 2018 - restated	453,496	249,527	-	280,000	3,037,201	4,020,224
<i>Total comprehensive income for the period nine months ended September 30, 2019</i>						
Profit after taxation					5,464,323	5,464,323
Cash flow hedges - effective portion of changes in fair value (net of tax)					(12,347)	(12,347)
<i>Transaction with owners directly recognized in equity</i>						
Final dividend for the year ended December 31, 2018 (Rs. 63 per share)	-	-	-	-	(2,857,024)	(2,857,024)
Interim dividend for the six months period ended June 30, 2019 (Rs. 90 per share)	-	-	-	-	(4,081,463)	(4,081,463)
<b>Balance as at September 30, 2019 (un-audited)</b>	<b>453,496</b>	<b>249,527</b>	<b>-</b>	<b>280,000</b>	<b>1,550,690</b>	<b>2,533,713</b>

The annexed notes 1 to 13 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



## Condensed Interim Statement of Cash Flows

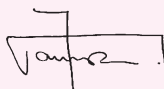
### For the nine months ended September 30, 2019 (un-audited)

	Note	Sep 30, 2019	(Restated) Sep 30, 2019
———— (Rupees in '000) ————			
<b>Cash flow from operating activities</b>			
Cash generated from operations	6	9,174,401	12,323,101
(Increase) in long term deposits and prepayments		-	(3,044)
Decrease in long term loans		49,145	115,079
Increase in customer security deposits - interest free		13,538	15,875
Retirement and other benefits paid		(365,514)	(366,720)
Workers' profit participation fund paid		-	(1,061,461)
Income taxes paid		(1,743,258)	(4,431,269)
<b>Net cash used from operating activities</b>		7,128,312	6,591,561
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(1,479,319)	(2,164,113)
Sale proceeds of property, plant and equipment		174,641	139,616
<b>Net cash used in investing activities</b>		(1,304,678)	(2,024,497)
<b>Cash flow from financing activities</b>			
Finance cost paid		(2,276,370)	(1,156,714)
Long term finances - net		(261,990)	(42,105)
Lease liabilities - net		(382,709)	(148,647)
Short term borrowings - net		1,722,182	(145,986)
Dividend paid		(3,098,029)	(7,212,273)
<b>Net cash used in financing activities</b>		(4,296,916)	(8,705,725)
Net increase / (decrease) in cash and cash equivalents		1,526,718	(4,138,661)
Cash and cash equivalents at beginning of the period		(672,607)	820,076
Cash and cash equivalents at end of the period	7	854,111	(3,318,585)

The annexed notes 1 to 13 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



# Notes to the Condensed Interim Financial Statements

## For the nine months ended September 30, 2019 (un-audited)

### 1. Legal status and nature of business

Nestlé Pakistan Limited ("the Company") is a public limited company incorporated in Pakistan and its shares are quoted on Pakistan Stock Exchange. Principally the Company is 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 Shekhupura, 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 September 30, 2019 and the related condensed interim statement of profit or loss and other 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 Regulation 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) 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all of 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, 2018. Comparative condensed interim statement of financial position is stated from annual audited financial statements as of December 31, 2018, whereas comparatives for condensed interim statement of profit or loss and 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 nine months period ended September 30, 2018.



## 2.2 Judgments 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 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 December 31, 2018.

## 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, 2018 except for the adoption of new standards effective as of January 1, 2019 as stated below:

### 3.2 Changes in accounting policies

The Company has adopted IFRS 15 "Revenue from Contracts with Customers", IFRS 9 "Financial Instruments" and IFRS 16 "Leases" from January 01, 2019 which is effective from the annual periods beginning on or after July 01, 2018, period ending on or after June 30, 2019 and periods beginning on or after January 01, 2019 respectively. The details of new significant accounting policies adopted and the nature and effect of the changes from previous accounting policies are set out below:

#### 3.2.1 IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations.

The standard introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognize revenue when a customer obtains control of the goods or services under the contract at an amount that reflects the consideration to which the entity expects to be entitled against those goods or services. However, the adoption of IFRS 15, did not have a material impact on the amounts of revenue recognized in these condensed interim financial statements except for reclassification of certain payments/rebates/allowances to customers that were previously classified under "Distribution and Selling expenses" and are now set off against sales. The corresponding figures have been represented to reflect this change. Accordingly, selling and distribution expense of Rs. 2,814.414 million (September 30, 2018: Rs. 3,192.960 million) has been reclassified to sales. This reclassification has no impact on the reported Earning per Share (EPS) of the corresponding period.

#### 3.2.2 IFRS 16 "Leases"

IFRS 16 replaces IAS 17 "Accounting for Leases" and related interpretations and sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

The Company has adopted IFRS 16 under the full retrospective approach, utilizing the practical expedient and this has resulted in Company recognizing lease liabilities and corresponding right-of-use assets for all leases qualifying under the criteria laid down by the standard.



A brief summary of the impact of IFRS 16 on comparative information and how it has been restated has been given below:

<b>Statement of Financial Position As at December 31, 2018:</b>	<b>Previously reported figures</b>	<b>Adjustments</b>	<b>Amounts with adoption of IFRS 16</b>
		<b>(Rupees in '000)</b>	
Property, plant and equipment	29,982,969	380,364	30,363,333
Lease liabilities	-	(272,385)	(272,385)
Accumulated profit	(2,929,222)	(107,979)	(3,037,201)

**(Un-audited)  
Condensed Interim Statement of Profit or Loss  
For the nine months September 30, 2018:**

Cost of goods sold	62,182,700	(4,400)	62,178,300
Distribution and selling expenses (after incorporating the impact of IFRS 15 mentioned above)	11,313,109	(5,516)	11,307,593
Administrative expenses	2,373,627	(14,224)	2,359,403
Finance cost	1,264,668	24,140	1,288,808

The above is just a reclassification of expenses to be adjusted and has no net effect on either the profit reported or the earnings per share for the period.

<b>(Un-audited) Condensed Interim Statement of Cash Flows For the nine months ended September 30, 2018:</b>	<b>Previously reported figures</b>	<b>Adjustments</b>	<b>Amounts with adoption of IFRS 16</b>
		<b>(Rupees in '000)</b>	

**Cash flow from operating activities**

Profit before taxation	12,739,808	-	12,739,808
Depreciation on property, plant and equipment	2,625,634	124,507	2,750,141
Finance cost	1,264,668	24,140	1,288,808
Net cash generated from operating activities	6,442,914	148,647	6,591,561

**Cash flow from financing activities**

Lease liabilities - net	-	(148,647)	(148,647)
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**IFRS 9 "Financial Instruments"**

IFRS 9 replaced the provisions of IAS 39 "Financial Instruments: Recognition and Measurement" that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. There is however, no effect of the application of IFRS 9 on these condensed interim financial statements.



**3.3** Other than those disclosed above in note 3.2, there were certain other new amendments to the approved accounting standards which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations, as listed below:

- IFRIC 23 - Uncertainty over Income Tax Treatments Jan 01, 2019
- Amendment to IAS 28 - Investments in associates and joint ventures - Long Term Interests in Associates and Joint Ventures Jan 01, 2019
- Amendment to IAS 19 - Employee benefits - Plan Amendment, Curtailment or Settlement Jan 01, 2019
- Amendment to IFRS 3 - Business Combinations – Definition of a Business Jan 01, 2019
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors Jan 01, 2019
- Annual Improvements to IFRS Standards 2015–2017 Cycle Jan 01, 2019

**(Un-audited)**  
**Sep 30, 2019**      **(Restated)**  
**Dec 31, 2018**  
—————(Rupees in '000)—————

**4. Property, plant and equipment**

Opening balance - net book value	30,363,333	29,351,211
Additions during the period / year	3,938,109	4,973,156
	<b>34,301,442</b>	<b>34,324,367</b>
Book value of property, plant and equipment disposed off during the period / year	(96,815)	(249,124)
Depreciation charged during the period / year	(2,939,046)	(3,710,516)
Impairment reversed / (charged) during the period / year	(426,380)	(1,394)
Closing balance - net book value	<b>30,839,201</b>	<b>30,363,333</b>

**(Un-audited)**  
**Sep 30, 2019**      **(Audited)**  
**Dec 31, 2018**  
—————(Rupees in '000)—————

**5. Contingencies and commitments**

**5.1** There is no material contingency as at the reporting date.

**5.2 Guarantees**

Outstanding guarantees	177,450	227,450
Un-utilized portion of limits with banks	797,550	650,550





(Un-audited) (Audited)  
Sep 30, 2019 Dec 31, 2018  
— (Rupees in '000) —

### 5.3 Commitments

5.3.1 Commitments in respect of capital expenditure	1,360,242	205,306
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### 5.4 Letters of credit

Outstanding letters of credit	3,835,849	7,528,363
Un-utilized portion of limits with banks	11,909,931	8,757,037

(Un-audited) (Restated)  
Sep 30, 2019 Sep 30, 2018  
— (Rupees in '000) —

## 6. Cash generated from operations

Profit before taxation	7,761,672	12,739,808
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Adjustment for non-cash items:

Depreciation on property, plant and equipment	2,939,046	2,750,141
Amortization of intangible assets	6,051	6,051
(Reversal of) / provision for stock in trade	(37,662)	9,929
Provision for obsolete stores and spares	197,089	133,873
Provision for workers' profit participation fund	417,495	684,497
Provision for workers' welfare fund	170,732	247,826
Provision for doubtful debts	10,077	39,698
Gain on disposal of property, plant and equipment	(77,826)	(64,159)
Impairment / (reversal) on property, plant and equipment	426,380	(14,781)
Exchange loss	96,093	61,508
Retirement and other benefits	598,967	438,827
Finance cost	2,310,919	1,288,808

Profit before working capital changes	14,819,033	18,322,026
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Effect on cash flow due to working capital changes

(Increase) / decrease in current assets:

Stores and spares	(284,728)	(227,076)
Stock in trade	2,214,736	(4,800,756)
Trade debts	424,188	(1,178,659)
Advances, deposits, prepayments and other receivables	(1,583,533)	(2,105,212)

Increase / (decrease) in current liabilities:

Trade and other payables	(6,415,295)	2,312,778
--------------------------	-------------	-----------

(5,644,632) (5,998,925)

9,174,401 12,323,101





(Un-audited) (Un-Audited)  
Sep 30, 2019 Sep 30, 2018  
—— (Rupees in '000) ——

## 7. Cash and cash equivalents

Cash and bank balances	1,689,890	2,121,064
Short term running finance under mark-up arrangements - secured	(835,779)	(5,439,649)
	<u>854,111</u>	<u>(3,318,585)</u>

## 8. 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) (Un-audited)  
Sep 30, 2019 Sep 30, 2018  
—— (Rupees in '000) ——

### Associated companies:

Royalty and technical assistance fee	2,296,324	2,807,450
Dividends paid	3,687,362	6,386,775
Purchase of assets, goods, services and rental	11,602,098	12,113,379
Sale of goods	1,361,912	1,652,969
Insurance claims received	11,339	14,147

### Other related parties

Contribution paid to staff retirement benefit plan	643,610	646,546
Remuneration to key management personnel	2,584,320	2,161,979

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

## 9. 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

## 9.1 Segment analysis for the nine months ended September 30, 2019 (un-audited)

	Dairy and Nutrition Products	Powdered and liquid beverages	Other Products	Total
	(Rupees in '000)			
Sales - net				
External sales	66,202,196	20,783,803	67,263	87,053,262
Inter-segment sales	-	-	-	-
Total revenue	66,202,196	20,783,803	67,263	87,053,262
Depreciation and amortization	(2,106,431)	(836,803)	(1,863)	(2,945,097)
Operating profit / (loss) before tax and unallocated expenses	10,202,539	816,942	(80,243)	10,939,238
Unallocated corporate expenses:				
Finance cost				(2,310,919)
Other operating expenses				(1,122,500)
Other income				255,853
Taxation				(2,297,349)
Profit after taxation				5,464,323

## Segment analysis for the nine months ended September 30, 2018 (un-audited)

	Dairy and Nutrition Products	Powdered and liquid beverages	Other Products	Total
	(Rupees in '000)			
Sales				
External sales	69,530,587	20,818,340	543,568	90,892,495
Inter-segment sales	-	-	-	-
Total revenue	69,530,587	20,818,341	543,568	90,892,495
Depreciation and amortization	(1,908,397)	(807,768)	(40,027)	(2,756,192)
Operating profit / (loss) before tax and unallocated expenses	13,129,091	2,200,395	(282,286)	15,047,200
Unallocated corporate expenses:				
Finance cost				(1,288,808)
Other operating expenses				(1,218,676)
Other income				200,093
Taxation				(4,110,996)
Profit after taxation				8,628,812



## Reportable segment assets and liabilities

	Dairy and Nutrition Products	Powder and liquid Beverages	Other products	Total
(Rupees in '000)				
As at September 30, 2019 (un-audited)				
Segment assets	48,288,770	18,466,568	71,879	66,827,217
Unallocated assets				(1,565,452)
Total assets				65,261,765
Segment liabilities	21,980,353	9,764,002	24,272	31,768,627
Unallocated liabilities				30,959,425
Total liabilities				62,728,052
As at December 31, 2018 (restated)				
Segment assets	46,335,601	18,356,672	768,403	65,460,676
Unallocated assets				1,560,930
Total assets				67,021,606
Segment liabilities	22,444,556	9,542,133	301,075	32,287,764
Unallocated liabilities				30,713,618
Total liabilities				63,001,382
			(Un-audited) Sep 30, 2019	(Un-audited) Sep 30, 2018
			(Rupees in '000)	

## 9.2 Geographical segments

Sales are made by the company in the following countries:

Pakistan	85,513,659	89,130,956
Afghanistan	1,284,461	1,621,717
Other countries	255,142	139,822
	87,053,262	90,892,495

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

## 10. 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, 2018.

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, 2018.



## 11. Date of authorization for issue

These un-audited condensed interim financial statements were authorized for issue on October 29, 2019 by the Board of Directors.

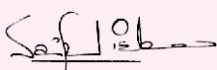
## 12. Dividend

The Board of Directors in their meeting held on October 29, 2019 have proposed an interim cash dividend for the three months period ended Sep 30, 2019 of Rs 20 (Sep 30, 2018: Rs. 75) per share, amounting to Rs. 906.99 million (Sep 30, 2018 : Rs. 3,401.22 million). These condensed interim financial statements do not reflect this dividend.

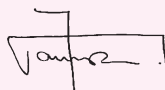
## 13. General

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.

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison and better presentation as per reporting framework, however no material reclassifications have been made, other than those mentioned under note 3.3 under the initial adoption of IFRS 15 & IFRS 16.



**SYED SAIFUL ISLAM**  
Chief Financial Officer



**SAMER CHEDID**  
Chief Executive Officer



**SYED YAWAR ALI**  
Chairman



## COMPANY INFORMATION

### Board of Directors

Syed Yawar Ali  
Samer Chedid  
Syed Babar Ali  
Syed Hyder Ali  
Rabia Sultan  
Syed Saiful Islam  
Amr Rehan  
Bernhard Stefan  
David Carpenter

Chairman  
Chief Executive Officer (*wef. August 01, 2019*)  
Director  
Director  
Director  
Director  
Director  
Director  
Director

### Company Secretary

Muhammad Ali Sadozai

Company Secretary

### Management

Samer Chedid  
Syed Saiful Islam  
Amr Rehan  
Muhammad Ali Sadozai  
Ali Akbar  
Samra Maqbool  
Faisal Akhtar Rana  
Akmal Saeed  
Waqar Ahmad  
Babar Hussain Khan  
Haseeb Aslam  
Usman Iqbal Bhatti  
Fuad Saqib Ghazanfar  
Khurram Zia  
Joselito Avancena  
Abdullah Jawaid Ahmad  
Syeda Nausheen Iqbal Jaffery  
Humaira Ashar

Chief Executive Officer (*wef. August 01, 2019*)  
Head of Finance and Control  
Head of Technical  
Head of Legal Affairs and Company Secretary  
Head of Supply Chain  
Head of Strategy and New Business Development  
Head of Communications and Marketing Services  
Head of Human Resources  
Head of Corporate Affairs  
Head of Sales  
Business Executive Officer - Family Dairy  
Business Executive Officer - Dairy Nutrition Solutions  
Business Executive Officer - Beverages, Culinary and CPW  
Business Executive Officer - Waters  
Business Executive Officer - Infant Nutrition  
Business Executive Officer - Nestlé Professional  
Market Business Excellence Manager  
I2L Generalist - Zone AOA

### 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

29 Kilometer, Lahore – Sheikhupura Road  
Sheikhupura, Punjab, Pakistan.  
Phone: (056) 3406615 - 29 Fax: (056) 3406639

### Kabirwala

10 Kilometer, Khanewal 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) 34720152-4

### Islamabad

Plot No. 32, Street No. 3, Sector (I-10/3), Industrial Area,  
Islamabad, Pakistan.  
Phone: (051) 4445991-3

## Auditors

KPMG Taseer Hadi & Co. (*Chartered Accountants*)

## Share Registrar / Transfer Agent

Share Registrar Department  
Central Depository Company of Pakistan Limited  
CDC-House, 99-B, Block-B, SMCHS, Main Shahra-e-Faisal

Karachi-74400, Tel: Customer Support Services  
(Toll Free) 0800-CDCPL(23275)  
Fax: (92-21) 34326053 E-mail: [info@cdcpak.com](mailto:info@cdcpak.com)  
website: [www.cdcpakistan.com](http://www.cdcpakistan.com)

Public dealings: : Monday to Friday: 09:00 am to 07:00 pm  
Saturday: 09:00 am to 01:00 pm

## Legal Advisor

Chima & Ibrahim  
Advocates Corporate Counsel

## Bankers

### Conventional banking relations

Standard Chartered Bank (Pakistan) Limited  
Habib Bank Limited  
Citibank N.A.  
Deutsche Bank A.G.  
Meezan Bank Limited  
National Bank of Pakistan Limited  
United Bank Limited  
MCB Bank Limited  
Telenor Microfinance Bank Limited (formerly Tameer Microfinance Bank Limited)

### Islamic banking relations

Standard Chartered Bank (Pakistan) Limited  
Habib Bank Limited  
Meezan Bank Limited



[www.nestle.pk](http://www.nestle.pk)



# Nestlé

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