

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 2020** and the related 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 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.

Other matters

The condensed interim financial information for the six-month period ended 30 June 2019 and the annual financial statements for the year ended 31 December 2019 of the Company were reviewed and audited, respectively, by another firm of chartered accountants. The review report dated 26 August 2019 expressed an unmodified conclusion while the audit report dated 26 March 2020 expressed an unmodified opinion.

The figures of the condensed interim profit or loss and condensed interim statement of comprehensive income for the quarters ended 30 June 2020 and 30 June 2019 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 30 June 2020.

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



EY Ford Rhodes
Chartered Accountants
Lahore: 13 August 2020

DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

The Directors of Nestlé Pakistan Limited (the "Company") 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, 2020.

During the period under review, overall economic activity of the country in all fields of life remained constrained due to ongoing COVID-19 global pandemic which is likely to result in a contraction of GDP for the financial year ending June 2020. The Government has taken some measures, including significant cut in the policy rate (by 625 bps), to reduce the cost of doing business and stimulate economic activity in the country. Despite unprecedented circumstances and operational challenges, the Company ensured the availability of our products and was committed to meet the consumer needs while ensuring the safety, health and wellbeing of our employees.

Business Performance Review:

During the period, the Company recorded sales of PKR 58.4 billion, an increase of 1.0% compared to same period of last year, benefitting from its diversified portfolio which helped to offset a sharp decline in demand for some of product categories which were severely impacted by to the COVID-19 lockdown. However, Gross profit margin for the period has declined by 1.2% primarily due to higher input costs which could not be passed on to the consumers during these difficult times.

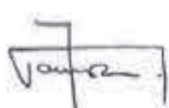
The financial performance for the six months period is summarized below:

	Jan – Jun 2020 PKR Million	Jan – Jun 2019 PKR Million	Change
Sales	58,390	57,789	1.0%
Gross Profit	17,415	17,630	-1.2%
% of sales	29.8%	30.5%	
Operating Profit	7,970	8,415	-5.3%
% of sales	13.6%	14.6%	
Net Profit after tax	3,876	4,472	-13.3%
% of sales	6.6%	7.7%	
Earnings per share	85.47	98.61	-13.3%

Future Outlook:

The ongoing COVID-19 threat continues to cause significant disruption, uncertainty and volatility for the business environment across the globe. This challenging environment demands extra ordinary efforts, commitment and focus across all levels to successfully operate under these circumstances. The management of the Company is fully aware of the challenges and is making an all out efforts to deliver quality products to its consumers without compromising on the wellbeing of our employees. The Company has a strong foothold and will continue its efforts to achieve long-term sustainable profitable growth by delivering on its promise of health, nutrition and wellness during this crisis and thereafter.

For and on behalf of the
Board of Directors



Samer Chedid
Chief Executive
Lahore: July 28, 2020



Syed Yawar Ali
Director


Nestlé Pakistan Limited
Condensed Interim Statement of Financial Position
As at June 30, 2020

	<i>Note</i>	(Un-audited) Jun 30, 2020	(Audited) Dec 31, 2019
		----- (Rupees in '000) -----	
Non-current assets			
Property, plant and equipment	5	29,995,696	30,333,121
Capital work-in-progress		2,397,598	3,441,066
Intangible assets		3,362	7,396
Long term loans		201,806	239,499
		32,598,462	34,021,082
Current assets			
Stores and spares		2,450,275	2,376,057
Stock-in-trade		21,716,234	18,876,441
Trade debts		2,301,318	2,164,888
Current portion of long term loans		128,498	132,045
Advances, deposits, prepayments and other receivables		3,443,549	2,624,413
Sales tax refundable - net		3,835,910	4,599,004
Cash and bank balances		1,164,153	318,753
		35,039,937	31,091,601
Current liabilities			
Current portion of long term liabilities		3,321,387	3,234,359
Short term borrowings - secured		22,917,473	17,217,473
Running finance under mark-up arrangements - secured		744,918	6,141,325
Customer security deposits - interest free		211,699	192,724
Unpaid dividend		1,032,825	20,608
Trade and other payables		24,232,147	25,138,313
Contract liabilities		474,006	382,146
Income tax payable		957,088	262,436
Interest and mark-up accrued		449,575	444,958
		54,341,118	53,034,342
Net working capital		(19,301,181)	(21,942,741)
Total capital employed		13,297,281	12,078,341
Long term and deferred liabilities			
Long term finances - secured		3,681,134	3,780,294
Lease liabilities		65,544	303,729
Deferred taxation		1,368,172	1,960,850
Retirement benefits		2,955,100	2,777,502
		8,069,950	8,822,375
Contingencies and commitments	6		
Net assets		5,227,331	3,255,966
Financed by:			
Share capital and reserves			
Authorized capital			
75,000,000 (December 31, 2019: 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		4,244,308	2,272,943
		5,227,331	3,255,966

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

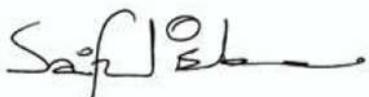
Nestlé Pakistan Limited

Condensed Interim Statement of Profit or Loss

For the six month period ended June 30, 2020 (un-audited)

	Six month period ended		Three month period ended	
	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Revenue from contracts with customers	58,390,326	57,789,111	28,506,961	28,653,233
Cost of goods sold	(40,975,771)	(40,159,021)	(19,932,574)	(19,792,651)
Gross profit	17,414,555	17,630,090	8,574,387	8,860,582
Distribution and selling expenses	(7,152,028)	(7,389,019)	(3,581,680)	(3,598,136)
Administration expenses	(2,292,924)	(1,825,766)	(1,076,670)	(874,229)
Operating profit	7,969,603	8,415,305	3,916,037	4,388,217
Finance cost	(1,848,674)	(1,480,451)	(822,468)	(753,118)
Other expenses	(758,789)	(712,473)	(358,542)	(474,765)
	(2,607,463)	(2,192,924)	(1,181,010)	(1,227,883)
Other income	113,695	158,147	51,307	72,429
Profit before taxation	5,475,835	6,380,528	2,786,334	3,232,763
Taxation	(1,599,787)	(1,908,380)	(849,228)	(1,034,953)
Profit after taxation	3,876,048	4,472,148	1,937,106	2,197,810
Earnings per share basic and diluted (Rupees)	85.47	98.61	42.71	48.46

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

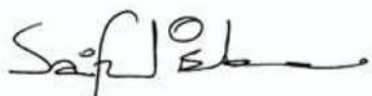
Nestlé Pakistan Limited

Condensed Interim Statement of Comprehensive Income

For the six month period ended June 30, 2020 (un-audited)

	Six month period ended		Three month period ended	
	Jun 30, 2020	Jun 30, 2019	Jun 30, 2020	Jun 30, 2019
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Profit after taxation	3,876,048	4,472,148	1,937,106	2,197,810
Other comprehensive income				
<i>Items that are or may be classified subsequently to profit or loss</i>				
- Cash flow hedges - effective portion of changes in fair value	-	8,385	-	8,385
- Related tax	-	(2,311)	-	(2,311)
	-	6,074	-	6,074
<i>Items that will not be re-classified to profit or loss account in subsequent periods</i>	-	-	-	-
Total comprehensive income for the period	3,876,048	4,478,222	1,937,106	2,203,884

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 Changes in Equity

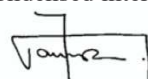
For the six month period ended June 30, 2020

	Share Capital	Capital reserves Share premium	Revenue reserves General reserve	Accumulated profit	Total
	(Rupees in '000)				
Balance as at January 01, 2019 - (audited)	453,496	249,527	280,000	3,037,201	4,020,224
<u>Total comprehensive income for the six months ended June 30, 2019</u>					
Profit after taxation	-	-	-	4,472,148	4,472,148
Other comprehensive income	-	-	-	6,074	6,074
	-	-	-	4,478,222	4,478,222
<u>Transaction with owners directly recognized in equity</u>					
Final dividend for the year ended December 31, 2018 (Rs. 63 per share)	-	-	-	(2,857,024)	(2,857,024)
Balance as at June 30, 2019 - (un-audited)	453,496	249,527	280,000	4,658,399	5,641,422
<u>Total comprehensive income for the six months ended December 31, 2019</u>					
Profit after taxation	-	-	-	2,876,245	2,876,245
Other comprehensive income	-	-	-	(273,246)	(273,246)
	-	-	-	2,602,999	2,602,999
Interim dividend for the six month period ended June 30, 2019 (Rs. 90 per share)	-	-	-	(4,081,463)	(4,081,463)
Interim dividend for the nine month period ended September 30, 2019 (Rs. 20 per share)	-	-	-	(906,992)	(906,992)
Balance as at December 31, 2019 - (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

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 Cash Flows

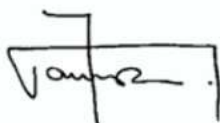
For the six month period ended June 30, 2020 (un-audited)

		Jun 30, 2020	Jun 30, 2019
Note		----- (Rupees in '000) -----	
<u>Cash flow from operating activities</u>			
	7	6,475,247	4,779,393
Cash generated from operations			
Decrease in long term loans		41,240	24,552
Increase in customer security deposits - interest free		18,975	6,976
Retirement and other benefits paid		(236,420)	(242,282)
Workers' profit participation fund paid		(595,887)	-
Income taxes paid		(1,497,813)	(1,102,360)
Net cash generated from operating activities		4,205,342	3,466,279
<u>Cash flow from investing activities</u>			
Fixed capital expenditure		(728,654)	(683,889)
Sale proceeds of property, plant and equipment		93,263	146,512
Net cash used in investing activities		(635,391)	(537,377)
<u>Cash flow from financing activities</u>			
Finance cost paid		(1,844,057)	(1,369,107)
Long term finances - net		(99,160)	(113,512)
Lease liabilities - net		(192,461)	(301,500)
Short term borrowings - net		5,700,000	3,000,000
Dividend paid		(892,466)	(2,857,024)
Net cash generated from / (used in) financing activities		2,671,856	(1,641,143)
Net increase in cash and cash equivalents		6,241,807	1,287,759
Cash and cash equivalents at beginning of the period		(5,822,572)	(672,607)
Cash and cash equivalents at end of the period	8	419,235	615,152

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, 2020 (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 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, 2020 and the related condensed interim statement of profit or loss, the condensed interim statement of 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 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 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) and Islamic Financial Accounting Standards ("IFAS") issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017;
- 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.

542

Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six month period ended June 30, 2020 (un-audited)

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, 2019. Comparative condensed interim statement of financial position is stated from annual audited financial statements as of December 31, 2019, 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, 2019.

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 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, 2019.

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, 2019.

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 Company's operations:

- The Conceptual Framework for Financial Reporting	Jan 01, 2020
- Definition of Material - Amendments to IAS 1 and IAS 8	Jan 01, 2020
- Interest Rate Benchmark Reforms - Amendments to IFRS 9, IAS 39 and IFRS 7	Jan 01, 2020
- Definition of a Business - Amendment to IFRS 3	Jan 01, 2020
- IFRS 14 – Regulatory Deferred Account	Jul 01, 2019

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, 2020. Consequently, there is no material impact on the recognition and measurement of assets and liabilities.

6472

Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six month period ended June 30, 2020 (un-audited)

	(Un-audited) Jun 30, 2020	(Audited) Dec 31, 2019
	----- (Rupees in '000) -----	
5. Property, plant and equipment		
Opening balance - net book value	30,333,121	30,363,333
Additions during the period / year	1,813,426	4,598,864
	32,146,547	34,962,197
Book value of property, plant and equipment disposed off during the period / year	(72,155)	(133,326)
Depreciation charged during the period / year	(2,082,765)	(4,005,088)
Impairment reversed / (charged) during the period / year	4,069	(490,662)
Closing balance - Net book value	29,995,696	30,333,121

6. Contingencies and commitments

6.1 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, 2019.

	(Un-audited) Jun 30, 2020	(Audited) Dec 31, 2019
	----- (Rupees in '000) -----	
6.2 Guarantees		
Outstanding guarantees	246,485	227,404
6.3 Commitments		
6.3.1 Letters of credit		
Outstanding letters of credit	1,704,511	3,341,687
Un-utilized portion of limits with banks	4,214,744	8,296,649
6.3.2 Commitments in respect of capital expenditure	1,163,296	289,702
6.3.3 The amount of future payments under Ijarah and the period in which these payments will become due are as follows:		
Not later than one year	26,141	34,855
Later than one year but not later than 5 years	-	8,714
	26,141	43,569

Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six month period ended June 30, 2020 (un-audited)

(Un-audited) (Un-audited)
Jun 30, 2020 Jun 30, 2019
----- (Rupees in '000) -----

7. Cash generated from operations

Profit before taxation	5,475,835	6,380,528
<i>Adjustment for non-cash items:</i>		
Depreciation on property, plant and equipment	2,082,765	1,932,305
Amortization of intangible assets	4,034	4,034
Increase in / (reversal of) provision for stock in trade	190,720	(14,569)
Increase in provision for stores and spares	78,848	125,204
Provision for retirement benefits	414,018	390,801
Provision for workers' profit participation fund	302,497	343,273
Provision for workers' welfare fund	140,345	141,656
Reversal of provision for doubtful debts	(4,000)	-
Gain on disposal of property, plant and equipment	(21,108)	(68,574)
(Reversal of) / impairment on property, plant and equipment	(4,069)	18,354
Exchange loss	241,946	202,204
Finance cost	1,848,674	1,480,451
Profit before working capital changes	10,750,505	10,935,667
Effect on cash flow due to working capital changes		
<i>(Increase) / decrease in current assets:</i>		
Stores and spares	(153,066)	(192,071)
Stock in trade	(3,030,513)	(797,587)
Trade debts	(132,430)	409,814
Advances, deposits, prepayments and other receivables	(56,042)	(2,269,339)
<i>(Decrease) in current liabilities:</i>		
Trade and other payables	(995,067)	(3,418,224)
Contract liabilities	91,860	111,133
	(4,275,258)	(6,156,274)
	6,475,247	4,779,393

8. Cash and cash equivalents

Cash and bank balances	1,164,153	1,978,317
Short term running finance under mark-up arrangements - secured	(744,918)	(1,363,165)
	419,235	615,152

4192

Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six month period ended June 30, 2020 (un-audited)

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, 2020	(Un-audited) Jun 30, 2019
	----- (Rupees in '000) -----	
Associated companies		
License fee	1,839,334	1,763,609
Dividends	1,496,601	2,244,901
Purchase of goods, services, assets and rental	9,194,980	8,759,109
Sale of goods	718,905	945,172
Insurance claims received	8,228	7,466
Other related parties		
Contribution paid to staff retirement benefits plan	416,820	426,633
Remuneration to key management personnel	1,906,254	1,736,126

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

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

617

Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six month period ended June 30, 2020 (un-audited)

10.1 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

Segment analysis for the six month period ended June 30, 2019 (un-audited)

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
	----- (Rupees in '000) -----			
Revenue from contracts with customers	43,018,730	14,769,705	677	57,789,111
Depreciation and amortization	(1,394,183)	(542,156)	-	(1,936,339)
Operating profit / (loss) before tax and unallocated expenses	7,445,631	970,479	(804)	8,415,305
Unallocated corporate expenses:				
Finance cost				(1,480,451)
Other operating expenses				(712,473)
Other income				158,147
Taxation				(1,908,380)
Profit after taxation				4,472,148

There is no inter segment revenue between operating segments.

417

Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six month period ended June 30, 2020 (un-audited)

10.2 Reportable segment assets and liabilities

As at June 30, 2020 (un-audited)

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
	----- (Rupees in '000) -----			
Segment assets	49,873,788	16,423,182	907,815	67,204,785
Unallocated assets				433,614
Total assets				<u>67,638,399</u>
Segment liabilities	20,642,126	6,099,163	36,425	26,777,714
Unallocated liabilities				40,860,685
Total liabilities				<u>67,638,399</u>

As at December 31, 2019 (audited)

	Dairy and nutrition products	Powdered and liquid beverages	Other products	Total
	----- (Rupees in '000) -----			
Segment assets	46,137,044	18,309,649	82,659	64,529,352
Unallocated assets				583,331
Total assets				<u>65,112,683</u>
Segment liabilities	19,977,693	6,381,893	31,668	26,391,254
Unallocated liabilities				38,721,429
Total liabilities				<u>65,112,683</u>

(Un-audited) (Un-audited)

Jun 30, 2020 Jun 30, 2019

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

10.3 Geographical segments

Sales are made by the Company in the following countries:

Pakistan	57,414,897	56,705,674
Afghanistan	700,637	924,533
Other countries	274,792	158,904
	<u>58,390,326</u>	<u>57,789,111</u>

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

547

Nestlé Pakistan Limited

Notes to the Condensed Interim Financial Statements

For the six month period ended June 30, 2020 (un-audited)

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, 2019.

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, 2019.

12. Dividend

The Board of Directors in their meeting held on July 28, 2020 have proposed an interim cash dividend for the six month period ended June 30, 2020 of Rs. 83/- (June 30, 2019: Rs. 90) per share, amounting to Rs. 3,764.02 Mio (Jun 30, 2019: Rs. 4,081.46 million). These condensed interim financial statements do not reflect this dividend.

13. General

13.1 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.

13.2 Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison. However no significant reclassification has been made except for the following:

Description	Reclassified from	Reclassified to	Rupees in '000
Reclassification of contract liabilities	Trade and other payables	Contract liabilities	382,146
Reclassification of income tax payable	Trade and other payables	Income tax payable	262,436
Reclassification of advance rent	Advances, deposits, prepayments and other receivable	Current portion of long term liabilities	160,725

The above reclassification does not have any material effect on information presented in the statement of financial position and statement of cash flows. Therefore, third statement of financial position has not been presented.

Nestlé Pakistan Limited


Notes to the Condensed Interim Financial Statements

For the six month period ended June 30, 2020 (un-audited)

14. Date of authorization for issue

These un-audited condensed interim financial statements were authorized for issue on July 28, 2020 by the Board of Directors.

21/7/20



SYED SAIFUL ISLAM
Chief Financial Officer



SAMER CHEDID
Chief Executive Officer



SYED YAWAR ALI
Chairman