FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Nestlé Pakistan Limited (the Company) as at 31 December 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change as indicated in note 2.3.1 to the financial statements with which we concur;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Lahore: February 21, 2018

BALANCE SHEET
As at 31 December 2017

(Rupees in '000)	Note	2017	2016
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
75,000,000 (2016: 75,000,000) ordinary shares of Rs. 10 each		750,000	750,000
Issued, subscribed and paid up capital	3	453,496	453,496
Share premium	4	249,527	249,527
General reserve		280,000	280,000
Hedging reserve	5	8,357	(10,092)
Accumulated profit		3,642,960	7,839,121
		4,634,340	8,812,052
Non-current liabilities			
Long term finances - secured	6	9,291,755	5,637,473
Deferred taxation	7	2,493,067	1,943,343
Retirement benefits	8	1,660,762	1,361,555
		13,445,584	8,942,371
Current liabilities			
Current portion of long term finances -secured	6	116,343	–
Short term borrowings - secured	9	11,845,986	4,345,157
Short term running finance under mark-up arrangements - secured	10	513,908	2,013,120
Customer security deposits - interest free		260,369	240,843
Income tax - net		1,150,297	1,458,740
Trade and other payables	11	26,231,936	24,920,599
Interest and mark-up accrued	12	146,856	48,888
		40,265,695	33,027,347
Contingencies and commitments	13		
		58,345,619	50,781,770

The annexed notes 1 to 46 form an integral part of these financial statements.

BALANCE SHEET
As at 31 December 2017

(Rupees in '000)	Note	2017	2016
ASSETS			
Non-current assets			
Property, plant and equipment	14	28,734,507	28,046,124
Capital work-in-progress	15	4,059,585	2,765,730
Intangible assets	16	23,532	31,600
Long term loans and advances	17	367,359	338,449
Long term deposits and prepayments	18	36,147	32,046
		33,221,130	31,213,949
Current assets			
Stores and spares	19	1,769,987	1,308,329
Stock in trade	20	15,358,288	11,207,230
Trade debts	21	781,116	564,460
Current portion of long term loans and advances	17	135,248	98,565
Sales tax refundable - net		4,477,768	5,374,745
Advances, deposits, prepayments and other receivables	22	1,268,098	661,325
Cash and bank balances	23	1,333,984	353,167
		25,124,489	19,567,821
		58,345,619	50,781,770

JOHN MICHAEL DAVIS
Chief Financial Officer

BRUNO BORIS OLIERHOEK
Chief Executive

SYED YAWAR ALI
Chairman

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2017

(Rupees in '000)	Note	2017	2016
Sales - net	24	122,214,698	112,392,654
Cost of goods sold	25	(77,458,749)	(72,609,392)
Gross profit		44,755,949	39,783,262
Distribution and selling expenses	26	(18,406,725)	(17,875,408)
Administration expenses	27	(2,741,743)	(2,760,186)
Operating profit		23,607,481	19,147,668
Finance cost	28	(1,095,630)	(959,005)
Other expenses	29	(1,837,203)	(1,509,403)
		(2,932,833)	(2,468,408)
Other income	30	313,857	340,660
Profit before taxation		20,988,505	17,019,920
Taxation	31	(6,346,723)	(5,172,947)
Profit after taxation		14,641,782	11,846,973
Earnings per share - basic and diluted (Rupees)	32	322.86	261.23

The annexed notes 1 to 46 form an integral part of these financial statements.

JOHN MICHAEL DAVIS
Chief Financial Officer

BRUNO BORIS OLIERHOEK
Chief Executive

SYED YAWAR ALI
Chairman

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

(Rupees in '000)	2017	2016
Profit after taxation	14,641,782	11,846,973
Other Comprehensive Income		
Items that are or may be classified subsequently to profit and loss:		
Cash flow hedges - effective portion of changes in fair value	31,154	(17,967)
Related tax	(12,705)	5,147
	18,449	(12,820)
Items that will never be reclassified to profit and loss:		
Remeasurement of net retirement benefit liability recognised directly in the equity	(349,793)	(20,660)
Related tax	105,179	6,405
	(244,614)	(14,255)
Total comprehensive income for the year	14,415,617	11,819,898

The annexed notes 1 to 46 form an integral part of these financial statements.

JOHN MICHAEL DAVIS
Chief Financial Officer

BRUNO BORIS OLIERHOEK
Chief Executive

SYED YAWAR ALI
Chairman

CASH FLOW STATEMENT

For the year ended 31 December 2017

(Rupees in '000)	Note	2017	2016
Cash flow from operating activities			
Cash generated from operations	34	21,925,820	29,534,835
(Increase) / decrease in long term deposits and prepayments		(4,101)	11,628
Increase in long term loans and advances		(65,593)	(62,040)
Increase in customer security deposits - interest free		19,526	19,538
Sales tax refundable - net		896,977	421,867
Retirement benefits paid		(423,487)	(387,921)
Workers' profit participation fund paid		(11,916)	(895,145)
Workers' welfare fund paid		(323,560)	(264,986)
Income taxes paid		(6,012,968)	(5,622,752)
Net cash generated from operating activities		16,000,698	22,755,024
Cash flow from investing activities			
Fixed capital expenditure		(5,457,179)	(4,080,255)
Sale proceeds of property, plant and equipment		250,451	560,991
Net cash used in investing activities		(5,206,728)	(3,519,264)
Cash flow from financing activities			
Finance cost paid		(997,662)	(993,638)
Long term finances - net		3,770,625	(3,410,127)
Short term borrowings - net		7,500,829	1,345,157
Dividend paid		(18,587,733)	(15,628,724)
Net cash used in financing activities		(8,313,941)	(18,687,332)
Net increase in cash and cash equivalents		2,480,029	548,428
Cash and cash equivalents at beginning of the year		(1,659,953)	(2,208,381)
Cash and cash equivalents at end of the year	35	820,076	(1,659,953)

The annexed notes 1 to 46 form an integral part of these financial statements.

JOHN MICHAEL DAVIS	BRUNO BORIS OLIERHOEK	SYED YAWAR ALI
Chief Financial Officer	Chief Executive	Chairman

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

(Rupees in '000)	Share capital	Capital reserves: Share premium	Capital reserves: Hedging reserve	Revenue reserves: General reserve	Revenue reserves: Accumulated profit	Total
Balance as at 1 January 2016	453,496	249,527	2,728	280,000	11,652,011	12,637,762
Total comprehensive income for the year						
Profit after taxation	–	–	–	–	11,846,973	11,846,973
Cash flow hedges - effective portion of changes in fair value (net of tax)	–	–	(12,820)	–	–	(12,820)
Remeasurement of net retirement benefits liability (net of tax)	–	–	–	–	(14,255)	(14,255)
	–	–	(12,820)	–	11,832,718	11,819,898
Transaction with owners, directly recognised in equity						
Final dividend for the year ended 31 December 2015 (Rs. 90 per share)	–	–	–	–	(4,081,463)	(4,081,463)
Interim dividend for the six months period ended 30 June 2016 (Rs. 70 per share)	–	–	–	–	(3,174,472)	(3,174,472)
Interim dividend for the nine months period ended 30 September 2016 (Rs. 185 per share)	–	–	–	–	(8,389,673)	(8,389,673)
Balance as at 31 December 2016	453,496	249,527	(10,092)	280,000	7,839,121	8,812,052
Total comprehensive income for the year						
Profit after taxation	–	–	–	–	14,641,782	14,641,782
Cash flow hedges - effective portion of changes in fair value (net of tax)	–	–	18,449	–	–	18,449
Remeasurement of net retirement benefits liability (net of tax)	–	–	–	–	(244,614)	(244,614)
	–	–	18,449	–	14,397,168	14,415,617
Transaction with owners, directly recognised in equity						
Final dividend for the year ended 31 December 2016 (Rs. 170 per share)	–	–	–	–	(7,709,429)	(7,709,429)
Interim dividend for the six months period ended 30 June 2017 (Rs. 170 per share)	–	–	–	–	(7,709,429)	(7,709,429)
Interim dividend for the nine months period ended 30 September 2017 (Rs. 70 per share)	–	–	–	–	(3,174,471)	(3,174,471)
Balance as at 31 December 2017	453,496	249,527	8,357	280,000	3,642,960	4,634,340

The annexed notes 1 to 46 form an integral part of these financial statements.

JOHN MICHAEL DAVIS
Chief Financial Officer

BRUNO BORIS OLIERHOEK
Chief Executive

SYED YAWAR ALI
Chairman

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. The principal activity of the Company is manufacturing, processing and sale of food products including imported 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 Basis of preparation and summary of significant accounting policies

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS's) issued by the Institute of Chartered Accountants of Pakistan as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the repealed Companies Ordinance, 1984 shall prevail.

On 30 May 2017 the Companies Act, 2017 was enacted which replaced and repealed the Companies Ordinance, 1984 ("the repealed Ordinance"). However the Securities and Exchange Commission of Pakistan, in continuation to its circular 17 dated 20 July 2017 and press release of the same date, vide its circular no. 23 of 2017 dated 04 October 2017 has clarified that the companies whose financial year closes on or before 31 December 2017 shall prepare their financial statements in accordance with the provisions of the repealed Ordinance.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except for recognition of certain employee benefits at present value and recognition of certain financial instruments at fair value.

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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

	Note
• Impairment losses	2.3.7
• Taxation	2.3.8
• Retirement benefits	2.3.9
• Provisions and contingencies	2.3.13
• Useful life of depreciable assets	2.3.14
• Store and spares	2.3.15
• Stock in trade	2.3.15
• Recoverability of trade debts and other receivables	2.3.16

2.3 Summary of significant accounting policies

The significant accounting policies adopted in preparation of these financial statements are set out below and have been applied consistently to all periods presented in these financial statements, except as mentioned in note 2.3.1 below:

2.3.1 The Company has changed its accounting policy for valuation of inventories i.e. for goods purchased for resale with effect from 01 January 2017. Previously, in recognising the consumption and valuation of goods purchased for resale, the Company used First In First Out (FIFO) basis, however, the Company has now adopted the weighted average basis for recognizing consumption and valuation as the management considers that this change gives a better presentation of the results and financial position of the Company. This change in accounting policy has been applied prospectively in accordance with International Accounting Standard 8 (IAS-8) "Accounting Policies, Changes in Accounting Estimates and Errors" as resulting impact is considered to be immaterial.

2.3.2 Business combination

Business combinations are accounted for using the acquisition method. Under this method, as of the acquisition date, the Company recognised separately from goodwill the identified assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The Company measures the identifiable assets acquired and the liabilities assumed at their acquisition date fair values. Goodwill is recognised as the excess of cost of an acquisition over the fair value of net identifiable assets acquired in the business combination. Any goodwill that arises is tested annually for impairment.

2.3.3 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the Company loses control of the contractual right that comprise the financial assets. Financial liabilities are de-recognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to profit and loss account currently. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.3.4 Derivative financial instruments and hedge accounting

Derivatives are recognised initially at fair value, any directly attributable transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit and loss account.

The Company also holds derivative financial instruments to hedge its foreign currency exposures. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Fair value hedge

Derivatives which are designated and qualify as fair value hedge, changes in the fair value of such derivatives are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedges

When a derivative is designated as cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

2.3.5 Financial liabilities

Financial liabilities are classified according to substance of contractual arrangements entered into. Significant financial liabilities include short and long term borrowings, trade and other payables, interest free customer security deposits and interest and markup accrued.

Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction cost, if any. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognised in the profit and loss over the period of the borrowings on an effective interest basis.

Other financial liabilities

All other financial liabilities are initially recognised at fair value minus directly attributable cost, if any, and subsequently at amortized cost using effective interest rate method.

2.3.6 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.3.7 Impairment losses

Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognised in profit and loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets of the unit on a pro-rata basis. Impairment losses on goodwill shall not be reversed.

2.3.8 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax.

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is provided using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. In this regard, the effects on deferred taxation of the proportion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

2.3.9 Retirement benefits

Defined benefit plan

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When calculation results in a potential assets for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reduction in future contributions to the plan.

Remeasurement of net defined benefit liability, which comprise of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in other comprehensive income. The Company determines net interest expense/(income) on the defined benefit obligation for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to then-net defined benefit, taking into account any change in the net defined benefit obligation during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined contribution plan

The Company operates a recognised provident fund for all its regular employees, excluding expatriates. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 12% of the basic salary plus cost of living allowance. All regular employees are eligible for provident fund upon their confirmation. Obligation for contributions to defined contribution plan is recognised as an expense in the profit and loss account as and when incurred.

2.3.10 Leases

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of lease.

2.3.11 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently at amortized cost using effective interest rate method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

2.3.12 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which dividends are approved.

2.3.13 Provisions and contingencies

Provisions are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate. Where the outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

2.3.14 Fixed capital expenditure and depreciation/amortization

Property, plant and equipment

Property, plant and equipment, except freehold land, are stated at cost less accumulated depreciation and any identified accumulated impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to self constructed assets includes direct cost of material, labour, applicable manufacturing overheads and borrowing costs on qualifying assets.

Depreciation is charged to profit and loss account, unless it is included in the carrying amount of another asset, on straight line method whereby cost of an asset is written off over its estimated useful life at the rates given in note 14.

Residual value and the useful life of an asset are reviewed at least at each financial year-end.

Depreciation on additions is charged from the month in which asset is capitalized / available for use, while no depreciation is charged for the month in which asset is disposed off. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment loss, if any. It consists of all expenditures and advances connected with specific assets incurred and made during installations and construction period. These are transferred to relevant property, plant and equipment as and when assets are available for use.

Intangible assets

Intangible assets are stated at cost less accumulated amortization and any identified accumulated impairment loss. These are amortized using the straight line method at the rates given in note 16. Amortization on additions is charged from the month in which an intangible asset is acquired, while no amortization is charged for the month in which intangible asset is disposed off.

Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are charged to income as and when incurred.

2.3.15 Inventories

Inventories are valued as per below mentioned valuation basis:

Store and spares

Useable stores and spares except for in-transit, are valued principally at moving average method, while items considered obsolete are carried at nil value. Provision is made against slow moving or obsolete stores and spares on systematic basis.

Raw and packing material

Value in relation to raw and packing materials except for in transit is arrived at on FIFO basis. Provision for unusable raw and pack material is made on an estimated basis, wherever required.

Finished goods and work in process

Value of finished goods and work in process both manufactured and purchased, is determined on weighted average basis, except for in-transit goods. In-transit goods and materials are valued at cost comprising invoice value plus other charges thereon. Cost in relation to work-in-process and finished goods includes an appropriate portion of production overheads. Finished goods are valued at cost or net realizable value, whichever is lower. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and cost necessary to be incurred in order to make a sale.

2.3.16 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when become irrecoverable.

2.3.17 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably and there is no continuing management involvement with the goods. Sales of products and services are recorded when the risks and rewards are transferred.

Interest income is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

2.3.18 Foreign currencies

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to income currently. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined.

2.3.19 Borrowing cost

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds. The Company capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets as part of the cost of these assets. The Company recognizes other borrowing costs as an expense in the period in which it incurs.

2.3.20 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and running finances that are repayable on demand.

2.3.21 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are regularly reviewed by the Company's Chief Executive to make decisions about resources to be allocated to the segment and assess their performance, and for which discrete financial information is available.

2.3.22 New laws / Standards and amendments to published approved International Financial Reporting Standards not yet effective

The Companies Act, 2017 applicable for financial year beginning on 1 January 2018 requires certain additional disclosures and Section 235 of the repealed Companies Ordinance, 1984 relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Companies Act, 2017. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS

16 – Property, plant and equipment. These amendments are not likely to have a significant impact on the Company's financial statements except for the application of certain additional disclosures.

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2018:

– Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

– Transfers of Investment Property (Amendments to IAS 40 'Investment Property' -effective for annual periods beginning on or after 01 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

– Annual Improvements to IFRSs 2014-2016 Cycle (Amendments to IAS 28 'Investments in Associates and Joint Ventures') (effective for annual periods beginning on or after 01 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.

– IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Company's financial statements.

– IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The Company is currently in the process of analyzing the potential impact of changes (if any) on adoption of the standard.

– IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes (if any) on adoption of the standard.

– IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact (if any) of changes required in classification and measurement of financial instruments.

– Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

Annual improvements to IFRS standards 2015-2017 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

– IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

– IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

– IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's financial statements.

3 Issued, subscribed and paid up capital

2017	2016		2017	2016
(Number of shares)			(Rupees in '000)	
		Ordinary shares of Rs. 10 each as		
29,787,058	29,787,058	fully paid in cash	297,870	297,870
		Ordinary shares of Rs. 10 each as		
15,476,867	15,476,867	fully paid bonus shares	154,769	154,769
		Ordinary shares of Rs. 10 each issued		
85,659	85,659	for consideration other than cash	857	857
45,349,584	45,349,584		453,496	453,496

As at 31 December 2017, Nestlé S.A. Switzerland, the holding company, holds 26,778,229 (2016: 26,778,229) ordinary shares representing 59.05% (2016: 59.05%) equity interest in the Company. In addition, 9,229,964 (2016: 9,229,786) ordinary shares are held by the following related parties as at 31 December:

(Number of shares)	2017	2016
Name of related party:		
IGI Insurance Limited	4,364,666	4,364,666
Percentage of equity held 9.62% (2016: 9.62%)		
Packages Limited	3,649,248	3,649,248
Percentage of equity held 8.05% (2016: 8.05%)		
Gurmani Foundation	538,235	538,235
Percentage of equity held 1.19% (2016: 1.19%)		
Industrial Technical and Educational Institution	21,666	21,666
Percentage of equity held 0.05% (2016: 0.05%)		
Zarai Taraqiati Bank Limited	430,551	430,551
Percentage of equity held 0.95% (2016: 0.95%)		
National Management Foundation	224,720	224,720
Percentage of equity held 0.50% (2016: 0.50%)		
Nestle' Pakistan Limited Employees Provident Fund	878	700
Percentage of equity held 0.0019% (2016: 0.0015%)		
	9,229,964	9,229,786

4 Share premium

This reserve can be utilized by the Company only for the purposes specified in section 81(2) of the Companies Act, 2017.

5 Hedging reserve

The hedging reserve comprises the effective portion of the cash flow hedge which will subsequently be recognised in the profit or loss as the hedged items affect profit or loss.

(Rupees in '000)	Note	2017	2016
6 Long term finances - secured			
Long term finances utilized under mark-up arrangements:			
Habib Bank Limited			
Term Loan I	6.1	3,500,000	3,500,000
Term Loan II	6.2	2,000,000	–
Term Loan III	6.3	3,000,000	–
		8,500,000	3,500,000
Long Term Financing Facility	6.4	908,098	137,473
Less: Current maturity		(116,343)	–
		791,755	137,473
Meezan Bank Limited			
Diminishing Musharika	6.5	–	2,000,000
		9,291,755	5,637,473

6.1 The term of the loan is 5 years and the principal repayment to take place in single lump sum instalment on 29 December 2021. Mark-up is payable quarterly at a flat rate of 8.00% per annum.

6.2 The term of the loan is 3 years and the principal repayment to take place in single lump sum instalment on 05 January 2020. Mark-up is payable quarterly at a flat rate of 7.00% per annum.

6.3 The term of the loan is 3 years and the principal repayment to take place in single lump sum instalment on 13 November 2020. Mark-up is payable quarterly at a flat rate of 7.30% per annum.

6.4 This facility has an aggregate credit limit of Rs. 1,500 million and the term is 5 years with a grace period of 18 months from the date of each disbursement. Repayments to be made in 8 equal semi annual instalments. This facility carries mark-up at the rate of 3.65% payable semi annually.

All loans obtained from Habib Bank Limited are secured by first joint pari passu hypothecation charge over fixed assets excluding land and building of the Company.

6.5 This loan has been fully repaid during the year.

(Rupees in '000)	Note	2017	2016
7 Deferred taxation			
Deferred taxation comprises of temporary differences related to:			
Accelerated tax depreciation		3,271,827	3,156,763
Provisions and others		(778,760)	(1,213,420)
		2,493,067	1,943,343
7.1 Movement in deferred tax liability is as follows:			
Balance as at 01 January		1,943,343	2,271,523
Charge to OCI related to cash flow hedges		12,705	(5,147)
Charge to profit and loss account	31	537,019	(323,033)
Balance as at 31 December		2,493,067	1,943,343
8 Retirement benefits			
Gratuity fund	8.1	984,867	698,864
Pension fund	8.1	675,895	662,691
		1,660,762	1,361,555

The Company contributes to following defined benefit plans.

- Gratuity plan entitles an eligible employee to receive a lump sum amount equal to last drawn basic salary multiplied by number of completed years of service with the Company at the time of cessation of employment. An eligible employee means the employee who has successfully completed one year of service with the Company. In case if the employee leaves the employment before successful completion of 10 years of service than he/ she shall be entitled to 50% of gratuity amount.

- Pension plan comprises of two types i.e. Type A and Type B. Type A members are those members who have joined the plan and who have not opted to become members of Type B. Type B members are those members who fulfill the criteria and opted to become member of Type B.

- Type A members are required to make a contribution of 5% of pensionable salary whereas, the Company makes the contribution based on actuarial recommendations. The annual benefit amount of a Type A member shall be 2.75% of his/ her pensionable salary at the time of retirement multiplied by number of years of pensionable service subject to a maximum of 82.5% of pensionable salary.

- Type B member can make a contribution of 3% or 5% of his/ her pensionable salary and the Company will make a contribution equal to employee contribution +2%. In case of those members who are transferred from Type A to Type B, such members are required to make a contribution of 5% of pensionable salary and the Company will make a contribution of 11.4%. Type B member shall be entitled to 30% of employer benefit after successful completion of three years of pensionable service and thereafter additional 10% for each successful year till 10th year when he/ she entitles to 100% of the benefit.

Gratuity and pension plans are administered through separate funds that are legally separated from the Company. The Trust of the funds comprises of six and five employees for pension and gratuity fund respectively, out of which one employee is the Chair. The Trustees of the funds are required by law to act in the best interests of the plan participants and are responsible for making all the investments and disbursements out of the funds.

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk. As at balance sheet date, an actuarial valuation has been performed by M/s Nauman Associates (Actuarial experts) for valuation of defined benefit obligation. The disclosure made in notes 8.1 to 8.14 are based on the information included in the actuarial report.

These defined benefit plans are fully funded by the Company. The funding requirements are evaluated by the management using the funds' actuarial measurement framework set out in the funding policies of the plans. The funding of each plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from time to time.

The Company is responsible to manage the deficit in the defined benefit obligation towards fair value of the plan assets. The Company has devised an effective periodic contribution plan to maintain sufficient level of plan assets to meet its obligations. Further, the Company also performs regular maturity analysis of the defined benefit obligation and manage its contributions accordingly.

	Gratuity		Pension	
(Rupees in '000)	**2017**	2016	**2017**	2016
8.1 Present value of funded obligations				
Amounts recognised in balance sheet are as follows:				
Present value of defined benefit obligation	2,692,633	2,309,477	3,404,213	3,189,227
Fair value of plan assets	(1,707,766)	(1,610,613)	(2,728,318)	(2,526,536)
Net retirement benefit obligation	984,867	698,864	675,895	662,691
8.2 Movement in net obligation				
Net liability as at 01 January	698,864	680,577	662,691	534,490
Charge to profit and loss account	262,953	244,070	109,948	269,679
Charge to other comprehensive income	230,193	(36,046)	119,600	56,706
Contribution made by employees	–	–	117,242	105,758
Contributions paid to the plan	(207,143)	(189,737)	(333,586)	(303,942)
Net liability as at 31 December	984,867	698,864	675,895	662,691

(Rupees in '000)	Note	Gratuity 2017	Gratuity 2016	Pension 2017	Pension 2016
8.3 Movement in the liability for funded defined benefit obligations					
Liability for defined benefit obligations as at 01 January		2,309,477	2,024,189	3,189,227	2,556,488
Benefits paid by the plan		(117,512)	(137,912)	(164,680)	(124,428)
Current service cost		206,400	185,499	324,458	325,096
Curtailment gain on transfer of type A members to type B		–	–	(146,068)	–
Interest cost		213,819	195,523	295,154	308,784
Remeasurements on obligation:					
Actuarial losses / (gains) on present value					
Changes in financial assumptions		–	(1,515)	–	67,064
Experience adjustments		80,449	43,693	(93,878)	56,223
		80,449	42,178	(93,878)	123,287
Liability for defined benefit obligations as at 31 December		2,692,633	2,309,477	3,404,213	3,189,227
8.4 Movement in fair value of plan assets					
Fair value of plan assets as at 01 January		1,610,613	1,343,612	2,526,536	2,021,998
Contributions paid into the plan		207,143	189,737	333,586	303,942
Benefits paid by the plan		(117,512)	(137,912)	(164,680)	(124,428)
Interest income on plan assets		157,266	136,952	248,044	258,443
Remeasurements on fair value of plan assets		(149,744)	78,224	(213,478)	66,581
Other administrative expenses by fund		–	–	(1,690)	–
Fair value of plan assets as at 31 December		1,707,766	1,610,613	2,728,318	2,526,536
8.5 Plan assets consist of the following:					
In terms of amount:					
Equity instruments		404,760	369,314	591,112	572,766
Debt instruments		235,448	313,586	380,231	470,441
Cash and other deposits		1,067,558	927,713	1,756,975	1,483,329
	8.5.1	1,707,766	1,610,613	2,728,318	2,526,536

(Rupees in '000)	Gratuity 2017	Gratuity 2016	Pension 2017	Pension 2016
8.5.1 Plan assets				
Plan assets comprise:				
Equity instrument				
Fertilizers	19,611	19,673	30,427	35,155
Oil and gas	98,929	73,383	156,495	114,598
Steel	61,444	–	72,460	–
Power	22,486	47,633	43,010	79,825
Financial institutions	68,594	88,450	108,380	138,126
Mutual funds	19,519	22,982	19,519	22,982
Cement	40,093	29,477	58,921	38,149
Automobile	27,571	31,423	43,563	49,678
Chemicals	43,430	43,551	57,074	77,965
Insurance	–	9,638	–	11,121
Others	3,083	3,104	1,263	5,167
	404,760	369,314	591,112	572,766
Debts instruments				
Government bonds	225,198	303,318	359,731	449,789
TFCs	10,250	10,268	20,500	20,652
	235,448	313,586	380,231	470,441
Cash at bank				
Cash and bank balances	38,885	67,405	53,901	62,822
Term deposit receipts	1,028,673	860,308	1,703,074	1,420,507
	1,067,558	927,713	1,756,975	1,483,329
	1,707,766	1,610,613	2,728,318	2,526,536

Before making any investment decision, an Asset-Liability matching study is performed by the Board of Trustees of the funds to evaluate the merits of strategic investments. Risk analysis of each category is done to analyse the impacts of the interest rate risk, currency risk and longevity risk.

(Rupees in '000)	Gratuity 2017	Gratuity 2016	Pension 2017	Pension 2016
8.6 Profit and loss account includes the following in respect of retirement benefits:				
Interest cost for the year	213,819	195,523	295,154	308,784
Current service cost	206,400	185,499	324,458	325,096
Curtailment gain on transfer of type A members to type B	–	–	(146,068)	–
Interest income on plan assets	(157,266)	(136,952)	(248,044)	(258,443)
Contribution made by the employees	–	–	(117,242)	(105,758)
Other administrative expense by Fund	–	–	1,690	–
	262,953	244,070	109,948	269,679

	Gratuity		Pension	
(Rupees in '000)	**2017**	2016	**2017**	2016
8.7 Charge for the year has been allocated as follows:				
Cost of goods sold	121,377	115,505	60,938	118,681
Distribution and selling expenses	92,800	80,728	73,939	87,978
Administration expenses	48,776	47,837	(24,929)	63,020
	262,953	244,070	109,948	269,679
8.8 Actuarial (gains) and losses recognised directly in other comprehensive income				
Cumulative amount at 01 January	624,587	660,633	693,580	636,874
Remeasurements on obligation:				
Actuarial losses / (gains) on present value				
Changes in financial assumptions	–	(1,515)	–	67,064
Experience adjustments	80,449	43,693	(93,878)	56,223
	80,449	42,178	(93,878)	123,287
Remeasurements on fair value of plan assets	149,744	(78,224)	213,478	(66,581)
Losses / (gains) recognised during the year	230,193	(36,046)	119,600	56,706
Cumulative amount at 31 December	854,780	624,587	813,180	693,580

(Rupees in '000)	**2017**	2016	2015	2014	2013
8.9 Historical Information for Gratuity plan					
Present value of defined benefit obligation	2,692,633	2,309,477	2,024,189	1,736,589	1,523,346
Fair value of the plan assets	(1,707,766)	(1,610,613)	(1,343,612)	(1,184,116)	(995,124)
Deficit in the plan	984,867	698,864	680,577	552,473	528,222
Experience adjustments arising on plan liabilities	80,449	43,693	73,878	(33,912)	304,181
Experience adjustments arising on plan assets	(149,744)	78,224	(14,330)	(10,851)	48,927

(Rupees in '000)	**2017**	2016	2015	2014	2013
8.10 Historical Information for Pension plan					
Present value of defined benefit obligation	3,404,213	3,189,227	2,556,488	2,290,437	1,765,958
Fair value of the plan assets	(2,728,318)	(2,526,536)	(2,021,998)	(1,731,911)	(1,431,777)
Deficit in the plan	675,895	662,691	534,490	558,526	334,181
Experience adjustments arising on plan liabilities	(93,878)	56,223	(23,524)	26,939	139,032
Experience adjustments arising on plan assets	(213,478)	66,581	(23,627)	8,295	43,519

	2017		2016	
	Gratuity fund per annum	Pension fund per annum	Gratuity fund per annum	Pension fund per annum
8.11 Significant actuarial assumptions used for valuation of these plans are as follows:				
Discount rate used for profit and loss charge	9.50%	9.50%	10.00%	10.00%
Discount rate used for year-end obligation	9.50%	9.50%	9.50%	9.50%
Expected rates of salary increase	9.50%	9.50%	9.50%	9.50%
Expected rates of return on plan assets	9.50%	9.50%	9.50%	9.50%
Mortality Rate	SLIC 2001-2005	SLIC 2001-2005	SLIC 2001-2005	SLIC 2001-2005
	Setback	Setback	Setback	Setback
	1 year	1 year	1 year	1 year

8.12 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 50 bps with all other variables held constant, the impact on the present value of the defined benefit obligation would have been as follows:

		Gratuity		Pension	
		Impact on present value of defined benefit obligation as at 31 December 2017			
(Rupees in '000)	Change	Increase	Decrease	Increase	Decrease
Discount rate	50 bps	(132,552)	143,599	(178,092)	193,939
Future salary increase	50 bps	144,753	(134,859)	65,689	(62,640)

		Gratuity		Pension	
		Impact on present value of defined benefit obligation as at 31 December 2017			
(Rupees in '000)	Change	Scale up by	Scale down by	Scale up by	Scale down by
Expected mortality rates	1 year	(629)	674	(18,591)	17,919

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the balance sheet.

8.13 Weighted average duration of the defined benefit obligation is 10 years and 11 years for gratuity and pension plans, respectively.

(Rupees in '000)	Note	2017	2016
9 Short term borrowings - secured			
Money market deals	9.1	9,400,000	2,000,000
Export refinance facility	9.2	2,445,986	2,345,157
		11,845,986	4,345,157

9.1 These represent money market deals obtained from various commercial banks having aggregate limit of Rs. 9,400 million (2016: Rs. 2,000 million) and carry mark-up ranging from 5.77% to 6.13% (2016: 5.79% to 6.33%) per annum. These deals are obtained for a period ranging from 12 to 180 days and are secured by a hypothecation charge over fixed and current assets of the Company excluding land and building.

9.2 The Company has obtained export refinance from commercial bank having an aggregate limit of Rs. 2,446 million (2016: Rs. 2,345 million). The mark-up on this facility is 2.20% (2016: 2.20% to 3.70%) per annum.

(Rupees in '000)	Note	2017	2016
10 Short term running finances under mark-up arrangements - secured			
Running finance	10.1	513,908	2,013,120

10.1 The Company has obtained short term running finances from various commercial banks under mark-up arrangements having an aggregate limit of Rs. 16,574 million (2016: Rs. 31,065 million). The mark-up on these facilities ranges from 6.15% to 6.45% (2016: 6.09% to 7.24%) per annum. These facilities are secured by pari passu hypothecation charge over present and future fixed and current assets of the Company excluding land and building and assignment of receivables of the Company.

(Rupees in '000)	Note	2017	2016
11 Trade and other payables			
Trade creditors			
Related parties		4,922,446	4,630,375
Others		11,017,978	10,341,630
		15,940,424	14,972,005
Accrued liabilities		7,693,515	8,657,007
Advances from customers		454,112	298,513
Workers' profit participation fund	11.1	1,127,195	15,998
Workers' welfare fund		360,502	333,413
Royalty and technical assistance fee payable			
to associated company including taxes		281,736	271,701
Unclaimed dividend		26,718	21,122
Withholding income tax payable		51,667	15,930
Withholding sales tax payable		164,096	183,007
Derivative financial liability - cash flow hedge	11.2	86	21,535
Others		131,885	130,368
		26,231,936	24,920,599

	Note	2017	2016
11.1 Workers' profit participation fund			
Balance as at 01 January		15,998	79,517
Provision for the year	29	1,123,113	912,431
		1,139,111	991,948
Net payments / adjustments made during the year		(11,916)	(975,950)
Balance as at 31 December	11.1.1	1,127,195	15,998

11.1.1 This has been subsequently paid to workers' profit participation fund.

11.2 The Company has outstanding exchange rate forward contracts with various banks for amounts aggregating to US$ 3.924 million (2016: US$ 11.862 million) and EUR€ 1.180 million (2016: EUR€ 4.454 million) to manage exchange rate exposure on outstanding foreign currency payments under the terms of commitments of letters of credit. Under the aforementioned contracts, the Company would pay respective rate agreed at the initiation of the contracts on respective settlement dates. As at 31 December 2017 the fair value of these derivatives is Rs. 588.83 million (2016: Rs. 2,016.53 million).

(Rupees in '000)	2017	2016
12 Interest and mark-up accrued		
Long term finances - secured	11,546	2,500
Short term borrowings - secured	105,354	21,695
Short term running finance under mark-up arrangements - secured	29,956	24,693
	146,856	48,888

13 Contingencies and commitments

13.1 There is no material contingency as at balance sheet date.

(Rupees in '000)	2017	2016
13.2 Guarantees		
Outstanding guarantees	213,023	263,486
Un-utilized portion	586,976	296,514

13.3 Commitments

13.3.1 The amount of future payments under Ijarah and the period in which these payments will become due are as follows:

(Rupees in '000)	Note	2017	2016
Not later than one year		9,832	41,925
Later than one year but not later than five years		–	13,164
		9,832	55,089
13.3.2 Commitments in respect of capital expenditure		1,036,443	275,704
13.4 Letters of credit			
Outstanding letters of credit	13.4.1	6,478,488	2,480,350
Un-utilized portion		7,949,052	7,111,680

13.4.1 Out of these outstanding letters of credits, certain liabilities have already been recognized under trade creditors.

14 Property, plant and equipment

(Rupees in '000)	Owned assets								
	Freehold land	Lease hold land	Building on freehold land	Building on lease hold land	Plant and machinery	Furniture and fixtures	Vehicles	IT Equipment	Total
Cost									
Balance as at 01 January 2017	1,148,730	82,015	6,859,022	69,881	36,992,610	548,453	1,201,030	1,284,232	48,185,973
Additions during the year	4,085	–	535,005	–	3,239,525	133,253	55,064	258,316	4,225,248
Disposals/scrapped	–	–	(13,057)	–	(246,620)	(14,427)	(367,616)	(28,883)	(670,603)
Reclassification	–	–	–	–	24,343	(24,294)	–	(49)	–
Balance as at 31 December 2017	1,152,815	82,015	7,380,970	69,881	40,009,858	642,985	888,478	1,513,616	51,740,618
Balance as at 01 January 2016	1,467,256	81,911	6,524,234	44,014	36,308,872	442,921	1,275,801	1,161,474	47,306,483
Additions during the year	–	–	326,455	–	1,513,233	78,395	103,953	160,232	2,182,268
Disposals/scrapped	(318,639)	–	(1,202)	–	(388,378)	(14,675)	(178,724)	(37,316)	(938,934)
Assets charged off *	–	–	–	–	(363,844)	–	–	–	(363,844)
Reclassification	113	104	9,535	25,867	(77,273)	41,812	–	(158)	–
Balance as at 31 December 2016	1,148,730	82,015	6,859,022	69,881	36,992,610	548,453	1,201,030	1,284,232	48,185,973
Depreciation and impairment losses									
Balance as at 01 January 2017	–	8,658	1,525,493	26,867	16,706,306	370,281	548,015	954,229	20,139,849
Depreciation charge for the year	–	2,228	241,454	2,003	2,643,814	71,411	194,527	219,113	3,374,550
Impairment charged / (reversed) during the year	–	–	–	–	31,283	–	–	–	31,283
Depreciation and impairment on disposals	–	–	(5,478)	–	(218,379)	(14,360)	(273,067)	(28,287)	(539,571)
Reclassification	–	–	–	–	14,628	(14,638)	–	10	–
Balance as at 31 December 2017	–	10,886	1,761,469	28,870	19,177,652	412,694	469,475	1,145,065	23,006,111
Balance as at 01 January 2016	122,639	6,722	1,259,356	13,663	14,418,639	263,429	465,208	760,732	17,310,388
Depreciation charge for the year	-	2,228	228,747	1,962	2,735,343	67,917	226,680	232,954	3,495,831
Impairment charged / (reversed) during the year	(122,639)	–	33,417	–	19,928	14	734	–	(68,546)
Depreciation and impairment on disposals	–	–	(429)	–	(315,178)	(14,136)	(144,605)	(36,567)	(510,915)
Assets charged off *	–	–	–	–	(86,909)	–	–	–	(86,909)
Reclassification	–	(292)	4,402	11,242	(65,517)	53,057	(2)	(2,890)	–
Balance as at 31 December 2016	–	8,658	1,525,493	26,867	16,706,306	370,281	548,015	954,229	20,139,849
Net book value as at 31 December 2017	1,152,815	71,129	5,619,501	41,011	20,832,206	230,291	419,003	368,551	28,734,507
Net book value as at 31 December 2016	1,148,730	73,357	5,333,529	43,014	20,286,304	178,172	653,015	330,003	28,046,124
Rate of depreciation in %	–	1-6.67	2-5	2-5	4-33	20	20	10-33.3	

* These assets have been charged to cost of goods sold.

(Rupees in '000)	Note	2017	2016
14.1 Depreciation charge for the year has been allocated as follows:			
Cost of goods sold	25	2,813,036	2,914,825
Distribution and selling expenses	26	468,312	480,865
Administration expenses	27	93,202	100,141
		3,374,550	3,495,831

14.2 Detail of significant property, plant and equipment sold during the year is as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Sold to
(Rupees in '000)						
Building on freehold land	2,357	(754)	1,603	68	Tender	M/S Maqsood Barlas & Sons
	1,520	(512)	1,008	40	Tender	M/S Maqsood Barlas & Sons
	1,313	(560)	753	38	Tender	M/S Maqsood Barlas & Sons
	1,313	(560)	753	38	Tender	M/S Maqsood Barlas & Sons
	1,313	(560)	753	38	Tender	M/S Maqsood Barlas & Sons
	1,128	(162)	966	33	Tender	M/S Maqsood Barlas & Sons
	804	(193)	611	21	Tender	M/S Maqsood Barlas & Sons
	727	(175)	552	19	Tender	M/S Maqsood Barlas & Sons
	210	(29)	181	6	Tender	M/S Zahoor Ahmed
	170	(41)	129	4	Tender	M/S Maqsood Barlas & Sons
	150	(24)	126	4	Tender	M/S Maqsood Barlas & Sons
	105	(14)	91	3	Tender	M/S Zahoor Ahmed
	90	(36)	54	2	Tender	M/S Maqsood Barlas & Sons
Plant and Machinery	11,221	(9,373)	1,848	593	Tender	M/S Maqsood Barlas & Sons
	4,151	(2,289)	1,862	120	Tender	M/S Maqsood Barlas & Sons
	2,330	(751)	1,579	104	Tender	M/S Maqsood Barlas & Sons
	1,903	(1,689)	214	101	Tender	M/S Maqsood Barlas & Sons
	1,610	(1,035)	575	85	Tender	M/S Maqsood Barlas & Sons
	1,575	(551)	1,024	815	Negotiation	Mr. Muhammad Tariq Wali
	1,550	(1,330)	220	44	Negotiation	Mr. Zahoor Ahmed
	1,228	(481)	747	36	Tender	M/S Maqsood Barlas & Sons
	1,228	(481)	747	36	Tender	M/S Maqsood Barlas & Sons
	1,105	(737)	368	58	Tender	M/S Maqsood Barlas & Sons
	948	(716)	232	28	Tender	M/S Maqsood Barlas & Sons
	607	(523)	84	32	Tender	M/S Maqsood Barlas & Sons
	607	(523)	84	32	Tender	M/S Maqsood Barlas & Sons
	592	(484)	108	17	Tender	M/S Maqsood Barlas & Sons
	591	(452)	139	31	Tender	M/S Maqsood Barlas & Sons
	585	(477)	108	17	Tender	M/S Maqsood Barlas & Sons
	482	(301)	181	168	Negotiation	Mr. Muhammad Tariq Wali
	482	(301)	181	168	Negotiation	Mr. Muhammad Tariq Wali
	338	(234)	104	10	Tender	M/S Maqsood Barlas & Sons
	338	(234)	104	10	Tender	M/S Maqsood Barlas & Sons
	334	(85)	249	183	Negotiation	Mr. Muhammad Tariq Wali
	321	(257)	64	110	Negotiation	Mr. Muhammad Tariq Wali
	321	(260)	61	110	Negotiation	Mr. Muhammad Tariq Wali
	319	(263)	56	110	Negotiation	Mr. Muhammad Tariq Wali
	319	(261)	58	110	Negotiation	Mr. Muhammad Tariq Wali
	319	(259)	60	110	Negotiation	Mr. Muhammad Tariq Wali
	319	(259)	60	110	Negotiation	Mr. Muhammad Tariq Wali
	319	(259)	60	110	Negotiation	Mr. Muhammad Tariq Wali
	319	(259)	60	110	Negotiation	Mr. Muhammad Tariq Wali
	319	(263)	56	110	Negotiation	Mr. Muhammad Tariq Wali

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Sold to
(Rupees in '000)						
	319	(261)	58	110	Negotiation	Mr. Muhammad Tariq Wali
	319	(263)	56	110	Negotiation	Mr. Muhammad Tariq Wali
	315	(186)	129	146	Negotiation	Mr. Muhammad Tariq Wali
	315	(175)	140	-	Theft case	
	313	(261)	52	110	Negotiation	Mr. Muhammad Tariq Wali
	313	(262)	51	110	Negotiation	Mr. Muhammad Tariq Wali
	304	(154)	150	146	Negotiation	Mr. Muhammad Tariq Wali
	304	(154)	150	146	Negotiation	Mr. Muhammad Tariq Wali
	305	(154)	151	146	Negotiation	Mr. Muhammad Tariq Wali
	305	(154)	151	146	Negotiation	Mr. Muhammad Tariq Wali
	305	(154)	151	146	Negotiation	Mr. Muhammad Tariq Wali
	295	(150)	145	183	Negotiation	Mr. Muhammad Tariq Wali
	295	(148)	147	146	Negotiation	Mr. Muhammad Tariq Wali
	295	(148)	147	110	Negotiation	Mr. Muhammad Tariq Wali
	295	(148)	147	110	Negotiation	Mr. Muhammad Tariq Wali
	295	(150)	145	146	Negotiation	Mr. Muhammad Tariq Wali
	295	(150)	145	146	Negotiation	Mr. Muhammad Tariq Wali
	257	(142)	115	146	Negotiation	Mr. Muhammad Tariq Wali
	257	(142)	115	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(145)	112	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(145)	112	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(145)	112	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(146)	111	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(146)	111	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(146)	111	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(147)	110	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(146)	111	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(146)	111	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(143)	114	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(147)	110	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(146)	111	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(146)	111	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(146)	111	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(148)	109	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(147)	110	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(147)	110	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(148)	109	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(147)	110	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(147)	110	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(147)	110	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(142)	115	146	Negotiation	Mr. Muhammad Tariq Wali
	257	(141)	116	146	Negotiation	Mr. Muhammad Tariq Wali
	257	(141)	116	146	Negotiation	Mr. Muhammad Tariq Wali
	257	(141)	116	146	Negotiation	Mr. Muhammad Tariq Wali
	257	(141)	116	146	Negotiation	Mr. Muhammad Tariq Wali
	257	(141)	116	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(141)	116	110	Negotiation	Mr. Muhammad Tariq Wali

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Sold to
(Rupees in '000)						
	257	(142)	115	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(142)	115	110	Negotiation	Mr. Muhammad Tariq Wali
	257	(143)	114	146	Negotiation	Mr. Muhammad Tariq Wali
	256	(143)	113	110	Negotiation	Mr. Muhammad Tariq Wali
	256	(143)	113	146	Negotiation	Mr. Muhammad Tariq Wali
	256	(143)	113	146	Negotiation	Mr. Muhammad Tariq Wali
	256	(143)	113	110	Negotiation	Mr. Muhammad Tariq Wali
	256	(143)	113	110	Negotiation	Mr. Muhammad Tariq Wali
	256	(145)	111	110	Negotiation	Mr. Muhammad Tariq Wali
	256	(145)	111	110	Negotiation	Mr. Muhammad Tariq Wali
	256	(147)	109	146	Negotiation	Mr. Muhammad Tariq Wali
	255	(147)	108	110	Negotiation	Mr. Muhammad Tariq Wali
	255	(142)	113	146	Negotiation	Mr. Muhammad Tariq Wali
	255	(142)	113	146	Negotiation	Mr. Muhammad Tariq Wali
	255	(142)	113	146	Negotiation	Mr. Muhammad Tariq Wali
	255	(141)	114	110	Negotiation	Mr. Muhammad Tariq Wali
	251	(183)	68	110	Negotiation	Mr. Muhammad Tariq Wali
	251	(106)	145	126	Negotiation	Mr. Muhammad Tariq Wali
	249	(179)	70	110	Negotiation	Mr. Muhammad Tariq Wali
	249	(179)	70	110	Negotiation	Mr. Muhammad Tariq Wali
	249	(179)	70	110	Negotiation	Mr. Muhammad Tariq Wali
	249	(98)	151	124	Negotiation	Mr. Muhammad Tariq Wali
	249	(178)	71	110	Negotiation	Mr. Muhammad Tariq Wali
	249	(181)	68	110	Negotiation	Mr. Muhammad Tariq Wali
	249	(181)	68	110	Negotiation	Mr. Muhammad Tariq Wali
	249	(178)	71	110	Negotiation	Mr. Muhammad Tariq Wali
	249	(181)	68	110	Negotiation	Mr. Muhammad Tariq Wali
	249	(178)	71	110	Negotiation	Mr. Muhammad Tariq Wali
	249	(178)	71	110	Negotiation	Mr. Muhammad Tariq Wali
	249	(178)	71	110	Negotiation	Mr. Muhammad Tariq Wali
	249	(180)	69	110	Negotiation	Mr. Muhammad Tariq Wali
	249	(178)	71	110	Negotiation	Mr. Muhammad Tariq Wali
	248	(179)	69	110	Negotiation	Mr. Muhammad Tariq Wali
	248	(178)	70	110	Negotiation	Mr. Muhammad Tariq Wali
	248	(178)	70	110	Negotiation	Mr. Muhammad Tariq Wali
	248	(178)	70	110	Negotiation	Mr. Muhammad Tariq Wali
	248	(179)	69	110	Negotiation	Mr. Muhammad Tariq Wali
	248	(178)	70	110	Negotiation	Mr. Muhammad Tariq Wali
	248	(179)	69	110	Negotiation	Mr. Muhammad Tariq Wali
	248	(178)	70	110	Negotiation	Mr. Muhammad Tariq Wali
	248	(175)	73	183	Negotiation	Mr. Muhammad Tariq Wali
	248	(178)	70	110	Negotiation	Mr. Muhammad Tariq Wali
	248	(179)	69	110	Negotiation	Mr. Muhammad Tariq Wali
	248	(178)	70	110	Negotiation	Mr. Muhammad Tariq Wali
	248	(178)	70	110	Negotiation	Mr. Muhammad Tariq Wali
	208	(90)	118	126	Negotiation	Mr. Muhammad Tariq Wali
	205	(110)	95	146	Negotiation	Mr. Muhammad Tariq Wali

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Sold to
(Rupees in '000)						
	157	(93)	64	202	Negotiation	Mr. Muhammad Tariq Wali
Vehicles	16,918	(16,309)	609	5,182	Tender	CARMAX
	2,258	(565)	1,693	2,050	Insurance claim	IGI Insurance Co.
	2,197	(1,794)	403	1,300	Company policy	Mehroz Ali Sheikh
	2,093	(140)	1,953	2,093	Company policy	Naseer Ahmad
	1,935	(100)	1,835	1,935	Company policy	Tariq Mahmood
	1,928	(96)	1,832	1,928	Company policy	Muhammad Adeel Aman Khan
	1,906	(635)	1,271	1,400	Company policy	Arshad Gul
	1,905	(794)	1,111	1,600	Company policy	Abul Huda Abbasi
	1,853	(772)	1,081	1,650	Company policy	Majid Hussain
	1,748	(757)	991	1,450	Company policy	Shazia Perveen
	1,727	(864)	863	1,350	Company policy	Muhammad Usman
	1,718	(718)	1,000	1,500	Company policy	Muhammad Kashif
	1,652	(1,597)	55	517	Company policy	Rizwan Siddiqui
	1,602	(668)	934	1,400	Company policy	Mohsin Shehzad
	1,589	(847)	742	1,200	Company policy	Ghulam Mustafa
	1,589	(847)	742	1,150	Company policy	Bahadar Zaib
	1,589	(847)	742	1,200	Company policy	Muhammad Aslam
	1,589	(1,006)	583	1,450	Company policy	Khizar Hayat
	1,588	(1,006)	582	1,350	Company policy	Furqan Sajid
	1,586	(978)	608	1,350	Company policy	Muhammad Taoqir Khan
	1,584	(792)	792	1,200	Company policy	Muhammad Imran
	1,580	(975)	605	1,200	Company policy	Mohammad Umair
	1,576	(998)	578	1,225	Company policy	Abdul Jabbar
	1,575	(840)	735	1,200	Company policy	Hamid Rashid
	1,575	(840)	735	1,330	Company policy	Muhammad Amin Noor
	1,502	(1,427)	75	1,100	Company policy	Awais Pervaiz
	1,502	(1,377)	125	1,050	Company policy	Muhammad Kashif
	1,337	(824)	513	997	Company policy	Sohail Hussain
	1,336	(267)	1,069	1,205	Company policy	Muhammad Ali Malik
	1,336	(267)	1,069	1,100	Company policy	Muhammad Hamad
	1,334	(791)	543	957	Company policy	Mohammad Tariq
	1,334	(791)	543	1,004	Company policy	Muhammad Uzair Aizaz
	1,332	(822)	510	910	Company policy	Muhammad Zain Shahid
	1,332	(822)	510	919	Company policy	Salman Tahir
	1,331	(687)	644	850	Company policy	Muhammad Faheem Khan
	1,331	(821)	510	1,025	Company policy	Muhammad Hamza Zahid
	1,323	(397)	926	1,100	Company policy	Adeel Nasir
	1,323	(529)	794	1,124	Company policy	Muhammad Shoaib Khan
	1,323	(573)	750	875	Company policy	Allah Nawaz
	1,323	(573)	750	1,078	Company policy	Usama Arshad
	1,321	(815)	506	985	Company policy	Imtiaz Ali Dasti
	1,321	(396)	925	1,150	Company policy	Nadeem Shahzad
	1,321	(528)	793	1,087	Company policy	Nayyer Khursheed
	1,321	(528)	793	1,052	Company policy	Salman Tahir
	1,321	(528)	793	1,075	Company policy	Awais Ahmed Khan

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Sold to
(Rupees in '000)						
	1,321	(528)	793	1,121	Company policy	Muhammad Kashif Khan
	1,319	(528)	791	1,133	Company policy	Muhammad Zain Khan
	1,319	(783)	536	937	Company policy	Muhammad Usman Ali Abbasi
	1,318	(615)	703	1,004	Company policy	Mohammad Rizwan
	1,318	(681)	637	1,060	Company policy	Mohsin Muneer
	1,318	(813)	505	1,100	Company policy	Adnan Aziz Khan
	1,317	(439)	878	1,084	Company policy	Fazal E Khaliq Mirza
	1,317	(527)	790	1,100	Company policy	Muhammad Maqbool
	1,317	(658)	659	980	Company policy	Amna Abbasi
	1,315	(658)	657	1,028	Company policy	Rehman Akram Chaudhary
	1,315	(658)	657	700	Company policy	Sohail Rashid
	1,076	(430)	646	857	Company policy	Muhammad Usman
	1,076	(430)	646	857	Company policy	Wasif Irfan
	1,066	(427)	639	850	Company policy	Syed Ali Hassan Rizvi
	1,061	(424)	637	873	Company policy	M. Shafiq Tahir
	1,059	(424)	635	899	Company policy	Ammarah Marjan
	1,058	(423)	635	899	Company policy	Mirza Mohammad Taimoor
	1,058	(423)	635	833	Company policy	Fahad Ahmad
	1,057	(828)	229	678	Company policy	Mansoor Ahmed Bhalli
	1,057	(476)	581	805	Company policy	Arsalan Salahuddin Khan
	1,052	(824)	228	705	Company policy	Ashfaq A. Khokhar
	1,051	(410)	641	826	Company policy	Muhammad Jareer Ahsen
	1,039	(779)	260	550	Company policy	Muhammad Zafar Iqbal
	1,034	(707)	327	750	Company policy	Adnan Rafique
	1,029	(806)	223	700	Company policy	Shahzad Asim
	1,028	(891)	137	659	Company policy	Rana Mohsin Ali Raza
	1,027	(890)	137	658	Company policy	Haider Khan
	1,017	(627)	390	701	Company policy	Meshaal Iftikhar Qureshi
	1,012	(793)	219	412	Company policy	Muhammad Ali Raza Madni
	1,012	(793)	219	700	Company policy	Muhammad Omer Bilal Arif
	1,012	(826)	186	625	Company policy	Syed Sajid Ali Zaidi
	1,008	(824)	184	663	Company policy	Muhammad Yousaf Rehman
	1,008	(823)	185	629	Company policy	Saqib Mahmood
	1,008	(908)	100	750	Company policy	IGI Insurance Co.
	982	(851)	131	646	Company policy	Naimatullah Ruk
	721	(144)	577	650	Company policy	Abbas Ali
	718	(215)	503	560	Company policy	Rana Muhammad Siddique
	718	(287)	431	475	Company policy	Ghulam Ghous
	718	(287)	431	585	Company policy	Syed Ali Haider Shah Gilany
	718	(287)	431	559	Company policy	Hafiz Muhammad Tayub
	716	(215)	501	560	Company policy	Meraj Khalid
	716	(215)	501	560	Company policy	Syed Sajjad Zaheer
	716	(215)	501	560	Company policy	Qamar Ehsan
	716	(215)	501	560	Company policy	Saeed Razaq
	716	(215)	501	560	Company policy	Muhammad Amir
	716	(215)	501	560	Company policy	Asif Mukhtar
	716	(215)	501	560	Company policy	Iftikhar Hussain

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Sold to
(Rupees in '000)						
	716	(215)	501	560	Company policy	Khalid Parvaiz
	716	(215)	501	560	Company policy	Muhammad Yaqub
	716	(167)	549	630	Company policy	Sajjad Ahmad Nazir
	716	(215)	501	560	Company policy	Kamran Abid
	716	(215)	501	525	Company policy	Nabila Gulan
	716	(167)	549	638	Company policy	Adeel Ahmed
	716	(287)	429	615	Company policy	Amjad Ali Mirza
	716	(215)	501	560	Company policy	Ali Akbar
	716	(215)	501	560	Company policy	M Umair Ahmad Shah
	716	(215)	501	560	Company policy	Faisal Mahmood
	716	(215)	501	560	Company policy	Muhammad Sufyan Saleem
	716	(215)	501	560	Company policy	Mohammad Rehman Khan
	716	(287)	429	615	Company policy	Qaisar Iqbal
	713	(214)	499	560	Company policy	Faisal Nadeem
	713	(214)	499	560	Company policy	Mazhar Abbas
	713	(214)	499	560	Company policy	Khalid Rashid
	713	(214)	499	560	Company policy	Muhammad Sami Ullah
	713	(214)	499	560	Company policy	Muhammad Naveed Akram
	713	(214)	499	560	Company policy	Rana Sohail Babar
	713	(214)	499	560	Company policy	Muhammad Naveed Shafiq
	713	(214)	499	560	Company policy	Muhammad Zahid Joiya
	713	(214)	499	560	Company policy	Mahboob Hussain
	713	(214)	499	560	Company policy	Jahangir Khan
	711	(285)	426	641	Company policy	Usama Farooq
	706	(283)	423	579	Company policy	Syed Amir Abbas Rizvi
	706	(283)	423	614	Company policy	Mumtaz Ahmad
	706	(283)	423	544	Company policy	Waqas Saeed
	706	(212)	494	560	Company policy	Naeem Ashraf Bhatti
	706	(212)	494	560	Company policy	Amjad Mujahid
	706	(283)	423	594	Company policy	Muhammad Shaheen
	706	(283)	423	569	Company policy	Muhammad Waqas Nasim Qureshi
	706	(283)	423	500	Company policy	Arshad Ahmed
	706	(283)	423	510	Company policy	Kiran Anjum
	706	(283)	423	500	Company policy	Muhammad Asmail
	706	(283)	423	557	Company policy	Uzma Saleem
	706	(282)	424	585	Insurance claim	IGI Insurance Co.
	706	(282)	424	556	Company policy	Mubashir Zia
	706	(282)	424	575	Company policy	Muhammad Bilal Chishti
	702	(246)	456	600	Insurance claim	IGI Insurance Co.
	702	(281)	421	603	Company policy	Aziz Ahmed Khan
	702	(281)	421	572	Company policy	Syed Ali Hassan
	702	(281)	421	617	Company policy	Mirza Haseeb Baig
	702	(222)	480	600	Insurance claim	IGI Insurance Co.
	702	(281)	421	566	Company policy	Amir Raja
	701	(210)	491	560	Company policy	M. Saad Khalid
	701	(164)	537	617	Company policy	Muhammad Ali Ansar Abbas
	701	(210)	491	560	Company policy	Hafiz Rizwan Rashid

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Sold to
(Rupees in '000)						
	701	(210)	491	560	Company policy	Tahir Iqbal
	701	(210)	491	560	Company policy	Sami Ullah
	701	(210)	491	560	Company policy	Muhammad Salman Umar
	701	(210)	491	560	Company policy	Arif Ali
	701	(210)	491	560	Company policy	Muhammad Ahsan
	701	(210)	491	560	Company policy	Ghulam Abbas
	701	(245)	456	585	Insurance claim	IGI Insurance Co.
	701	(281)	420	571	Company policy	Shahbaz Ali
	701	(281)	420	550	Company policy	Muhammad Aslam
	701	(280)	421	559	Company policy	Minaqshah Hameed
	701	(280)	421	583	Company policy	Ambreen Razzaq
	701	(280)	421	554	Company policy	Shagufta Shamim Khan
	701	(280)	421	540	Company policy	Romail Riaz
	700	(273)	427	556	Company policy	Shoaib Ur Rehman
	699	(163)	536	615	Company policy	Zafar Abidi
	699	(163)	536	615	Company policy	Junaid Mohammad
	699	(280)	419	623	Company policy	Zafar Khan
	699	(163)	536	615	Company policy	Muhammad Imran
	699	(175)	524	625	Company policy	Syeda Gulshan
	699	(279)	420	585	Insurance claim	IGI Insurance Co.
	699	(279)	420	600	Insurance claim	IGI Insurance Co.
	699	(279)	420	538	Company policy	Shazia Fahim
	699	(279)	420	544	Company policy	Munesh Kumar
	699	(245)	454	525	Insurance claim	IGI Insurance Co.
	699	(221)	478	625	Insurance claim	IGI Insurance Co.
	699	(279)	420	569	Company policy	Syeda Nabiha Gohar
	695	(278)	417	566	Company policy	Umar Khalid
	692	(277)	415	564	Company policy	Shahzaib Hussain
	692	(277)	415	585	Insurance claim	IGI Insurance Co.
IT Equipment	160	(58)	102	–	Theft Case	
	114	(32)	82	–	Negotiation	
	114	(51)	63	–	Theft Case	
	114	(48)	66	–	Theft Case	
	114	(48)	66	–	Theft Case	
	114	(28)	86	95	Theft Case	
Assets with book value less than Rs. 50,000	409,842	(401,712)	8,130	96,044		
2017	670,603	(539,571)	131,032	250,451		
2016	938,934	(510,915)	428,019	560,991		

(Rupees in '000)		Note	2017	2016
15	**Capital work-in-progress**			
	Civil works		682,919	350,587
	Plant and machinery		3,387,552	2,923,130
	Others		640,081	204,904
			4,710,552	3,478,621
	Less: Provision for impairment loss		(650,967)	(712,891)
			4,059,585	2,765,730
16	**Intangible assets**			
	Cost			
	Balance as at 01 January		272,655	272,655
	Addition during the year		–	–
	Balance as at 31 December		272,655	272,655
	Amortization			
	Balance as at 01 January		241,055	232,987
	Charge for the year	26	8,068	8,068
	Accumulated amortization as at 31 December		249,123	241,055
	Net book value as at 31 December		23,532	31,600
	Amortization rate		20%	20%
17	**Long term loans and advances**			
	To employees - secured, considered good:			
	Executives	17.1.1	451,735	379,611
	Other employees		50,872	55,758
		17.1.2	502,607	435,369
	To suppliers - unsecured, considered good		–	1,645
			502,607	437,014
	Less: current portion shown under current assets		(135,248)	(98,565)
			367,359	338,449

17.1 These represent long term interest free loans to employees for the purchase of cars and motor cycles as per the Company policy and are repayable within a period of 5 years. Loans are secured by the crossed cheque from employees of the full loan amount in the name of the Company without mentioning any date as part of collateral.

The maximum amount of loans and advances to executives outstanding at the end of any month during the year was Rs. 464 million (2016: Rs. 420 million).

No loan or advance has been given to Chief Executive and any other Director of the Company.

(Rupees in '000)	2017	2016
17.1.1 Reconciliation of carrying amount of loans to executives		
Balance as at 01 January	379,611	291,971
Disbursements during the year	227,837	187,670
Loans recovered during the year	(155,713)	(100,030)
Balance as at 31 December	451,735	379,611

17.1.2 The amount of loans and advances to employees and the period in which these will become due are as follows:

(Rupees in '000)	Note	2017	2016
Less than one year		135,248	98,565
More than one year but not more than 3 years		222,225	127,368
More than 3 years		145,134	209,436
		502,607	435,369
18 Long term deposits and prepayments			
Long term security deposits		30,163	26,148
Long term prepayments	18.1	5,984	5,898
		36,147	32,046

18.1 This represents long term prepayments related to rent of facilities obtained by the Company on cancellable lease basis. These prepayments are amortized over the term of the lease on straight line basis.

(Rupees in '000)	Note	2017	2016
19 Stores and spares			
Stores		166,635	116,691
Spares, including in transit amounting to Rs. 33.32 million (2016: Rs. 16.23 million)		2,018,720	1,801,506
		2,185,355	1,918,197
Less: Provision for obsolete spares	19.1	(415,368)	(609,868)
		1,769,987	1,308,329
19.1 Provision for obsolete spares			
Balance as at 01 January		609,868	499,607
(Reversal) / provision during the year - net		(194,500)	171,915
Written off during the year		–	(61,654)
Balance as at 31 December		415,368	609,868

(Rupees in '000)	Note	2017	2016
20 Stock in trade			
Raw and packing materials including in transit amounting			
to Rs. 1,783.50 million (2016: Rs. 1,439.06 million)		11,181,630	7,049,391
Work-in-process		1,000,011	1,277,141
Finished goods	20.1	2,794,801	2,819,891
Goods purchased for resale including in transit amounting			
to Rs. 81.81 million (2016: Rs. 23.99 million)		408,689	222,341
		15,385,131	11,368,764
Less: Provision for unusable raw and packing material	20.2	(26,843)	(161,534)
		15,358,288	11,207,230

20.1 The amount charged to profit & loss account of write down of finished goods to net realizable value amounting to Rs. nil (2016: 9.52) for which the provision was maintained has been written off during the year.

(Rupees in '000)	Note	2017	2016
20.2 Provision for unusable raw and packing material			
Balance as at 01 January		161,534	5,506
(Reversal) / provision during the year - net		(120,426)	195,016
Written off during the year		(14,265)	(38,988)
Balance as at 31 December		26,843	161,534
21 Trade debts			
Considered good - unsecured	21.1	781,116	564,460
Considered doubtful - unsecured		21,729	21,729
		802,845	586,189
Less: Provision for doubtful debts	21.2	(21,729)	(21,729)
		781,116	564,460

21.1 These include receivable from related parties amounting to Rs. 5.30 million (2016: Rs. 2.63 million) and are not over due as at year end.

(Rupees in '000)	2017	2016
21.2 Provision for doubtful debts		
Balance as at 01 January	21,729	8,593
Net provision during the year	–	14,166
Bad debts written off	–	(1,030)
Balance as at 31 December	21,729	21,729

(Rupees in '000)	Note	2017	2016
22 Advances, deposits, prepayments and other receivables			
Advances to employees - unsecured,			
considered good		708	130
Advances to suppliers - unsecured, considered good	22.1	443,391	403,338
Due from related parties - unsecured,			
considered good	22.1	65,689	5,234
Trade deposits and prepayments - considered good		107,988	108,746
Cash margin held against imports		409,339	11,592
Derivative financial asset - cash flow hedge	11.2	17,225	7,520
Other receivables		223,758	124,765
		1,268,098	661,325

22.1 These relate to normal business of the Company and are interest free.

(Rupees in '000)	Note	2017	2016
23 Cash and bank balances			
Local currency			
- Current accounts		1,037,272	5,427
- Savings accounts	23.1	268,179	340,326
		1,305,451	345,753
Foreign currency			
- Current accounts		24,310	3,751
Cash in hand		4,223	3,663
		1,333,984	353,167

23.1 The balances in savings accounts carry rate of return ranging from 3.74% to 4.00% (2016: 2.40% to 4.08%) per annum.

(Rupees in '000)	2017	2016
24 Sales- net		
Own manufactured		
Local	129,066,949	117,206,357
Export	5,081,058	4,864,751
	134,148,007	122,071,108
Goods purchased for resale	2,044,908	2,534,350
Less :		
Sales tax	(6,531,304)	(5,697,110)
Trade discounts	(7,446,913)	(6,515,694)
	122,214,698	112,392,654

(Rupees in '000)	Note	2017	2016
25 Cost of goods sold			
Raw and packing materials consumed		57,401,329	53,300,962
Salaries, wages and amenities	25.1	5,619,997	5,304,612
Fuel and power		2,494,339	1,960,499
Insurance		94,348	95,883
Repairs, maintenance and stores consumption		3,089,048	3,427,576
Rent, rates and taxes		194,470	212,189
Depreciation on property, plant and equipment	14.1	2,813,036	2,914,825
Expenses on information technology		319,802	279,877
Stationery expenses		65,346	57,384
Communication		83,967	84,030
Quality assurance		435,369	365,063
Royalty and technical assistance fee - associated company		2,997,040	3,489,077
Others		549,516	545,714
		76,157,607	72,037,691
Decrease / (increase) in work in process		277,130	(234,624)
Cost of goods manufactured		76,434,737	71,803,067
Decrease / (increase) in finished goods		34,611	(435,536)
Cost of goods sold - own manufactured		76,469,348	71,367,531
Cost of goods sold - purchased for resale		989,401	1,241,861
		77,458,749	72,609,392

25.1 Salaries, wages and amenities include Rs. 121.38 million (2016: Rs. 115.51 million) in respect of gratuity, Rs. 60.94 million (2016: Rs. 118.68 million) in respect of pension and Rs. 147.22 million (2016: Rs. 135.89 million) in respect of provident fund.

(Rupees in '000)	Note	2017	2016
26 Distribution and selling expenses			
Salaries, wages and amenities	26.1	3,817,061	3,209,435
Training		86,364	98,747
Rent, rates and taxes		80,753	93,515
Insurance		16,539	19,070
Freight outward		2,876,297	2,281,128
Depreciation on property, plant and equipment	14.1	468,312	480,865
Amortization of intangible assets	16	8,068	8,068
Sales promotion and advertisement		9,928,628	10,877,006
Legal and professional charges		17,932	28,340
Vehicle running and maintenance		35,963	30,496
Utilities		44,356	43,025
Repairs and maintenance		190,403	181,283
Subscription, stationery, printing and publication		27,080	29,617
Communications		45,718	38,274
Travelling, conveyance and vehicle running		244,702	251,054
Provision for doubtful advances/debts - net		–	16,328
Expenses on information technology		25,513	12,376
Other expenses		493,036	176,781
		18,406,725	17,875,408

26.1 Salaries, wages and amenities include Rs. 92.80 million (2016: Rs. 80.73 million) in respect of gratuity, Rs. 73.94 million (2016: Rs. 87.98 million) in respect of pension and Rs. 109.57 million (2016: Rs. 94.94 million) in respect of provident fund.

(Rupees in '000)	Note	2017	2016
27 Administration expenses			
Salaries, wages and amenities	27.1	1,461,041	1,434,513
Training		40,927	55,461
Rent, rates and taxes		152,225	137,227
Insurance		2,676	2,381
Depreciation on property, plant and equipment	14.1	93,202	100,141
Legal and professional charges	27.2	83,719	252,571
Vehicles running and maintenance		20,653	18,050
Utilities		38,900	36,926
Repairs and maintenance		64,080	35,135
Subscription, stationery, printing and publication		51,140	42,271
Communications		88,878	84,564
Travelling and conveyance		155,062	126,316
Expenses on information technology		363,349	343,942
Other expenses		125,891	90,688
		2,741,743	2,760,186

27.1 Salaries, wages and amenities include Rs. 48.78 million (2016: Rs. 47.84 million) in respect of gratuity, Rs. (24.93) million (2016: Rs. 63.02 million) in respect of pension and Rs. 62.02 million (2016: Rs. 59.21 million) in respect of provident fund.

27.2 Legal and professional charges include the following in respect of auditors' services for:

(Rupees in '000)	2017	2016
Statutory audit	1,050	1,050
Half yearly review	158	158
Group audit	315	315
Other certificates	13	137
Other services	63	415
Out of pocket expenses	115	132
	1,714	2,207
28 Finance cost		
Mark-up on long term finances - secured	474,816	624,997
Mark-up on loan from associated company - unsecured	–	7,984
Mark-up on short term borrowings - secured	448,607	201,431
Mark-up on short term running finances - secured	134,995	83,570
Bank charges	37,212	41,023
	1,095,630	959,005

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

(Rupees in '000)	Note	2017	2016
29 Other operating expenses			
Workers' profit participation fund	11.1	1,123,113	912,431
Workers' welfare fund		350,649	316,260
Donations	29.1	16,210	49,717
Realized exchange loss on foreign currency		155,252	26,335
Unrealized exchange loss on foreign currency		99,146	17,059
Loss on foreign exchange contracts		92,833	173,114
Capital work in progress written off		–	14,487
		1,837,203	1,509,403
29.1 Donations			
Name of donee in which a director or his spouse has an interest:			
Dairy & Rural Development Foundation (DRDF),		2,500	2,500
30-E/1, Gulberg III, Lahore - Pakistan			
(Syed Yawar Ali, Director is also Governor of DRDF)			
National Management Foundation (NMF),		–	10,000
Defence Housing Authority, Lahore			
(Syed Babar Ali, Director is also Chairman of NMF)			
Lahore University of Management Sciences (LUMS),		5,000	–
Defence Housing Authority, Lahore			
(Syed Babar Ali, Director is also Pro Chancellor of LUMS)			
(Syed Hyder Ali, Director is also a member of Executive Committee of LUMS)			
(Osman Khalid Waheed, Director is also a member of Board of Trustees)			
		7,500	12,500
30 Other income			
Income from financial assets			
Return on bank accounts		10,510	12,344
Realised exchange rate gain on loan from associated company		–	150
Others		–	552
		10,510	13,046
Income from non-financial assets			
Sale of scrap		153,287	126,096
Profit on sale of property, plant and equipment		119,419	132,972
Reversal of impairment loss - net	14 & 15	30,641	68,546
		313,857	340,660

(Rupees in '000)	Note	2017	2016
31 Taxation			
Current tax			
For the year		5,115,693	4,950,641
Prior year		694,011	545,339
		5,809,704	5,495,980
Deferred tax	7.1	537,019	(323,033)
		6,346,723	5,172,947

%	2017	2016
31.1 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate:		
Applicable tax rate	30.00	31.00
Tax effect of amounts that are:		
Tax impact related to prior year	0.47	0.86
Tax impact of super tax levied	2.37	2.35
Tax impact of presumptive tax regime	(1.59)	(2.38)
Tax impact of exempt income	–	(0.42)
Tax credits	(0.96)	(1.32)
Others	(0.05)	0.30
	0.24	(0.61)
Average effective tax rate charged to profit and loss account	30.24	30.39

(Rupees in '000)		2017	2016
32 Earnings per share			
32.1 Basic earnings per share			
Profit after taxation available for distribution to ordinary shareholders	Rupees in '000'	14,641,782	11,846,973
Weighted average number of ordinary shares	Number in '000'	45,350	45,350
Basic earnings per share	Rupees	322.86	261.23

32.2 Diluted earnings per share

There is no dilution effect on the basic earnings per share of the Company as it has no such commitments.

33 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. Amounts due from and to related parties are shown under receivables and payables and remuneration to key management personnel is disclosed in note 36. Other significant transactions with related parties are as follows:

(Rupees in '000)	2017	2016
33.1 Transactions during the year		
Associated companies		
- Royalty and technical assistance fee	3,468,993	3,165,569
- Purchase of assets, goods, services, rental and reimbursable expenses	16,693,274	14,871,838
- Interest on foreign currency loan	–	7,984
- Sale of goods	65,059	102,036
- Repayment of foreign currency loan	–	1,047,600
- Donations	7,500	12,500
- Insurance claims	40,804	35,189
Other related parties		
- Contribution to staff retirement benefit plans	742,290	679,957

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

(Rupees in '000)	Note	2017	2016
34 Cash generated from operations			
Profit before taxation		20,988,505	17,019,920
Adjustment for non-cash charges and other items:			
Depreciation on property, plant and equipment		3,374,550	3,495,831
Fixed assets charged off		–	291,422
Amortization of intangible assets		8,068	8,068
Reversal of impairment loss - net		(30,641)	(68,546)
Gain on disposal of property, plant and equipment		(119,419)	(132,972)
Exchange rate gain on foreign currency loan from associated company		–	(150)
Provision for workers' profit participation fund		1,123,113	912,431
Provision for workers' welfare fund		350,649	316,260
Provision for doubtful advances/debts - net		–	16,328
Reversal / (provision) for obsolete spares - net		(194,500)	171,915
Unrealized exchange loss on foreign currency		99,146	17,059
(Reversal) / provision for unusable raw and packing material		(120,426)	195,016
Provision for staff retirement benefits		372,901	513,749
Finance cost		1,095,630	959,005
Profit before working capital changes		26,947,576	23,715,336
Effect on cash flow due to working capital changes:			
(Increase)/ decrease in current assets:			
Stores and spares		(267,158)	(217,455)
Stock in trade		(4,030,632)	(1,927,565)
Trade debts		(216,656)	(265,952)
Advances, deposits, prepayments and other receivables		(597,068)	167,335
Increase in current liabilities:			
Trade and other payables		89,758	8,063,136
		(5,021,756)	5,819,499
		21,925,820	29,534,835

(Rupees in '000)	Note	2017	2016
35 Cash and cash equivalents			
Cash and bank balances	23	1,333,984	353,167
Short term running finance under mark-up arrangements - secured	10	(513,908)	(2,013,120)
		820,076	(1,659,953)

36 Remuneration of Chief Executive, Directors and Executives

The aggregate amounts charged in these financial statements during the year for remuneration, including certain benefits, to the chief executive, executive directors, non-executive directors and executives of the Company are as follows:

	Chairman		Chief Executive		Executive Director		Executive	
(Rupees in '000)	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Fee / managerial remuneration	5,617	5,470	29,894	25,611	41,764	35,303	2,884,200	2,525,438
Bonus	–	–	9,218	9,030	11,203	11,837	723,546	642,807
Retirement benefits	–	–	–	–	3,211	2,671	511,035	516,531
Housing	–	–	3,762	3,534	3,194	3,049	8,031	10,849
Reimbursable expenses	1,050	699	13,052	10,570	23,949	15,373	691,202	577,861
	6,667	6,169	55,926	48,745	83,321	68,233	4,818,014	4,273,486
Number of persons	1	1	1	1	2	2	1,640	1,481

36.1 The chairman, chief executive, executive directors and certain executives of the Company are provided with use of Company maintained vehicles and residential telephones.

36.2 The aggregate amount charged in these financial statements in respect of contribution to provident fund of key management personnel is Rs. 211.42 million (2016: Rs. 186.77 million).

36.3 Meeting fees amounting to Rs. 2,475,000 (2016: Rs. 2,700,00) was paid to non executive directors during the year.

	Capacity		Production	
	2017	2016	**2017**	2016
37 Capacity and production				
Liquid products - litres in thousand	1,894,155	1,797,329	1,096,222	1,027,518
Non-liquid products - Kgs in thousand	179,508	183,208	108,611	103,028

Under utilization of capacity was mainly due to seasonal impact of fresh milk.

38 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 results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated assets and liabilities include short term and long term borrowings, employees retirement benefits and other operating liabilities.

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) Milk and nutrition products

Milk based products and cereals

ii) Beverages

Juices and water

38.1 Segment analysis and reconciliation for the year ended 31 December

	Milk and Nutrition Products		Beverages		Other Operations		Total	
(Rupees in '000)	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Sales								
External sales	94,718,133	88,578,540	26,709,999	23,091,721	786,566	722,393	122,214,698	112,392,654
Inter-segment sales	–	–	–	–	–	–	–	–
Total revenue	94,718,133	88,578,540	26,709,999	23,091,721	786,566	722,393	122,214,698	112,392,654
Depreciation and amortization	2,509,829	2,586,163	809,780	850,223	63,009	67,513	3,382,618	3,503,899
Operating profit before tax and before unallocated expenses	20,152,847	17,164,969	3,826,046	2,443,410	(371,412)	(460,711)	23,607,481	19,147,668
Unallocated corporate expenses								
Finance cost							(1,095,630)	(959,005)
Exchange loss on foreign currency							(254,398)	(43,394)
Other operating expenses							(1,582,805)	(1,466,009)
Other operating income							283,216	272,114
Taxation							(6,346,723)	(5,172,947)
Other material non-cash items								
Reversal of Impairment loss - net	30,641	68,546	–	–	–	–	30,641	68,546
Profit after taxation							14,641,782	11,846,973
Segment assets	35,876,654	31,513,706	14,296,431	11,927,256	508,219	482,510	50,681,304	43,923,472
Unallocated assets							7,664,315	6,858,298
Total assets							58,345,619	50,781,770
Segment liabilities	20,555,771	19,640,343	6,056,985	5,360,924	170,701	160,175	26,783,457	25,161,442
Unallocated liabilities							26,927,822	16,808,276
Total liabilities							53,711,279	41,969,718
Segment capital expenditure	2,609,139	3,422,617	2,746,815	622,005	101,225	35,633	5,457,179	4,080,255

(Rupees in '000)	2017	2016
38.2 Geographical segments		
Sales are made by the Company in the following countries:		
Pakistan	117,133,640	107,527,903
Afghanistan	4,973,627	4,745,011
Other foreign countries	107,431	119,740
	122,214,698	112,392,654

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

39 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks, market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Company follows an effective cash management and planning policy and maintains flexibility in funding by keeping committed credit lines available. Market risks are managed by the Company through the adoption of appropriate policies to cover currency risks and interest rate risks. The Company applies credit limits to its customers and obtains advances from them.

39.1 Market risk

39.1.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to various currencies. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to the foreign entities. The Company's major exposure to currency risk is as follows:

Particulars	Currency	2017	2016
Assets			
Foreign currency bank accounts	US Dollar	259,594	54,044
Cash in hand	US Dollar	25,027	29,915
	Euro	8,350	6,985
Receivables	Swiss Franc	19,981	190
Liabilities			
Payables	US Dollar	12,241,307	8,330,969
	Euro	839,560	3,883,086
	Swiss Franc	3,094,149	1,779,680
	Great Britain Pound	37,013	75,274
	Singapore Dollar	2,483,050	2,370,611
On balance sheet exposure	PKR ('000)	1,986,800	1,652,010
Outstanding letters of credit	PKR ('000)	2,135,901	2,480,350
Off balance sheet exposure		2,135,901	2,480,350

39.1.1.1 The following significant exchange rates were applied during the year :

	2017		2016	
(Rupees per currency unit)	Average Rate	Reporting date rate	Average Rate	Reporting date rate
US Dollar	107.48	110.35	104.70	104.61
Euro	120.94	131.90	112.25	109.97
Swiss Franc	107.63	112.97	104.10	102.28
Great Britain Pound	138.52	148.65	141.89	128.38
Singapore Dollar	77.42	82.54	73.25	72.29

Currency rate sensitivity analysis

If the functional currency, at reporting date, had increased by 10% against the foreign currencies with all other variables held constant, the impact on profit before taxation would have been as follows:

(Rupees in '000)	2017	2016
Effect on Profit and loss		
US Dollar	131,942	86,272
Euro	10,964	42,625
Swiss Franc	34,729	18,201
Great Britain Pound	550	966
Singapore Dollar	20,495	17,137
	198,680	165,201

The effect may be respectively lower / higher, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments.

Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

39.1.2 Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

39.1.3 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments is:

(Rupees in '000)	2017	2016
Variable rate instruments		
Short term borrowings and running finance from local banks - PKR	(513,908)	(2,013,120)
Effective interest rate in %age	5.72	5.29

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on loans from borrowings from banks, at the year end date, fluctuate by 100 bps higher / lower with all other variables, in particularly foreign exchange rates held constant, profit before taxation for the year and 2016 would have been affected as follows:

(Rupees in '000)	2017	2016
Effect on Profit and loss of an increase	(5,139)	(20,131)
Effect on Profit and loss of a decrease	5,139	20,131

The effect may be higher / lower, mainly as a result of higher / lower mark-up income on floating rate loans / investments.

The sensitivity analysis prepared is not necessarily indicative of the effects on the profit for the year and assets / liabilities of the Company.

39.1.4 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

– Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)

– Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31, December 2017		Carrying amount				Fair value			
(Rupees in '000)	Note	Trade and other receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets - measured at fair value		17,225	–	–	17,225	-	17,225	–	–
Financial assets - not measured at fair value									
Trade debts	21	781,116	–	–	781,116	–	–	–	–
Loans and advances	17	502,607	–	–	502,607	–	–	–	–
Advances, deposits, prepayments and									
other receivables	22	633,805	–	–	633,805		-		
Cash and bank balances	23	–	1,333,984	–	1,333,984	–	–	–	–
		1,917,528	1,333,984	–	3,251,512	–	–	–	–
Financial liabilities - measured at fair value		–	–	86	86	–	86	–	86
Financial liabilities - not measured at fair value									
Long term finances	6	–	–	9,408,098	9,408,098	–	–	–	–
Short term borrowings - secured	9	–	–	11,845,986	11,845,986	–	–	–	–
Short term running finance under									
mark-up arrangements - secured	10	–	–	513,908	513,908	–	–	–	–
Customer security deposits - interest free		–	–	260,369	260,369	–	–	–	–
Trade and other payables	11	–	–	24,074,278	24,074,278	–	–	–	–
Interest and mark-up accrued	12	–	–	146,856	146,856	–	–	–	–
		–	–	46,249,495	46,249,495	–	–	–	–

31, December 2016		Carrying amount				Fair value			
(Rupees in '000)	Note	Trade and other receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets - measured at fair value		7,520	–	–	7,520	–	7,520	–	7,520
Financial assets - not measured at fair value									
Trade debts	21	564,460	–	–	564,460	–	–	–	–
Loans and advances	17	437,014	–	–	437,014	–	–	–	–
Advances, deposits, prepayments and									
other receivables	22	136,487	–	–	136,487				
Cash and bank balances	23	–	353,167	–	353,167	–	–	–	–
		1,137,961	353,167	–	1,491,128	–	–	–	–
Financial liabilities - measured at fair value		–	–	21,535	21,535	–	21,535	–	21,535
Financial liabilities - not measured at fair value									
Long term finances	6	–	–	5,637,473	5,637,473	–	–	–	–
Short term borrowings - secured	9	–	–	4,345,157	4,345,157	–	–	–	–
Short term running finance under									
mark-up arrangements - secured	10	–	–	2,013,120	2,013,120	–	–	–	–
Customer security deposits - interest free		–	–	240,843	240,843	–	–	–	–
Trade and other payables	11	–	–	24,052,203	24,052,203	–	–	–	–
Interest and mark-up accrued	12	–	–	48,888	48,888	–	–	–	–
		–	–	36,337,684	36,337,684	–	–	–	–

The company has not disclosed the fair values of certain financial assets and liabilities as their carrying amounts are reasonable approximation of fair values.

39.2 Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company's credit risk is primarily attributable to its long term deposits, trade debts, advances, deposits and other receivables and balances at banks. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

(Rupees in '000)	2017	2016
Particulars		
Trade debts	781,116	564,460
Advances, deposits and other receivables	524,200	104,228
Bank balances	1,329,761	349,504
	2,635,077	1,018,192
The aging of trade debts at the reporting date is:		
Not yet due	750,896	555,857
Past due 0 - 30 days	13,195	5,125
Past due 31 - 60 days	8,825	2,662
Past due 61 - 90 days	5,319	459
Past due 91 - 120 days	1,854	58
Past due 120 days	1,027	299
	781,116	564,460

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in the case of trade debts.

The credit quality of cash and bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

	Rating 2017			Rating 2016		
	Short Term	Long Term	Agency	Short Term	Long Term	Agency
Habib Bank Limited	A-1+	AAA	JCR-VIS	A-1+	AAA	JCR-VIS
Standard Chartered Bank Limited	A1+	AAA	PACRA	A1+	AAA	PACRA
United Bank Limited	A-1+	AAA	JCR-VIS	A-1+	AAA	JCR-VIS
Citi Bank N.A	P-1	A1	Moody's	P-1	A1	Moody's
Deutsche Bank AG	P-2	Baa2	Moody's	P-2	A3	Moody's
Meezan Bank Limited	A-1+	AA	JCR-VIS	A-1+	AA	JCR-VIS

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

39.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose the Company has sufficient running finance facilities available from various commercial banks to meet its liquidity requirements. Further, liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

The following are the contractual maturity analysis of financial liabilities as at 31 December 2017:

(Rupees in '000)	Carrying value	Contractual cash flows	Less than 6 months	6 to 12 months	1 year to 5 years	Total
Financial liability						
Derivative financial liability						
- cash flow hedge	86	86	86	–	–	86
Long term finances	9,408,098	11,573,133	392,149	392,149	10,788,835	11,573,133
Short term borrowings	11,845,986	12,052,193	12,052,193	–	–	12,052,193
Short term running finance						
under mark-up arrangement	513,908	545,770	545,770	–	–	545,770
Customer security deposits	260,369	260,369	260,369	–	–	260,369
Trade and other payables	24,074,278	24,074,278	24,074,278	–	–	24,074,278
Interest and mark-up accrued	146,856	146,856	146,856	–	–	146,856
	46,249,581	48,652,685	37,471,701	392,149	10,788,835	48,652,685

The following are the contractual maturity analysis of financial liabilities as at 31 December 2016:

(Rupees in '000)	Carrying value	Contractual cash flows	Less than 6 months	6 to 12 months	1 year to 5 years	Total
Financial liability						
Derivative financial liability						
- cash flow hedge	21,535	21,535	21,535	–	–	21,535
Long term finances	5,637,473	7,749,781	229,509	229,509	7,290,763	7,749,781
Short term borrowings	4,345,157	4,432,213	2,035,463	2,396,750	–	4,432,213
Short term running finance						
under mark-up arrangement	2,013,120	2,137,934	62,407	2,075,527	–	2,137,934
Customer security deposits	240,843	260,369	260,369	–	–	260,369
Trade and other payables	24,052,203	24,052,203	24,052,203	–	–	24,052,203
Interest and mark-up accrued	48,888	48,888	48,888	–	–	48,888
	36,359,219	38,702,923	26,710,374	4,701,786	7,290,763	38,702,923

Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. It is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Derivative assets and liabilities designated as cash flow hedges

The cash flows associated with cash flow hedges are expected to occur within a period of six months from reporting date and are likely to have same impact on the profit and loss.

40 Capital risk management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

i) To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

ii) To provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of debt to equity ratio, calculated on the basis of total debt to equity.

The debt to equity ratio as at 31 December:

(Rupees in '000)	2017	2016
Total borrowings	21,767,992	11,995,750
Total equity	4,634,340	8,812,052
Total debt and equity	26,402,332	20,807,802
Debt to equity ratio	82:18	58:42

There were no major changes in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

41 Number of employees

(Number of Employees)	2017	2016
Average number of employees during the year	4,524	4,393
Number of employees as at 31 December	4,565	4,488

42 Provident fund disclosure

The following information is based on latest audited financial statements of the Fund as of 31 December 2017:

(Rupees in '000)	Audited 2017	Audited 2016
Size of the fund - total assets	3,541,930	3,266,680
Cost of investments made	3,193,454	2,955,116
Fair value of investments	3,540,788	3,265,609
Percentage of investments made	99.97%	99.97%

	Note	2017 (Rs in '000)	2017 %	2016 (Rs in '000)	2016 %
42.1 The break-up of fair value of investments is:					
Pakistan investment bonds		350,845	9.91%	581,519	17.81%
Term finance certificates		30,750	0.87%	30,808	0.94%
Term deposit receipts		1,506,911	42.56%	1,231,041	37.70%
Investment in equity instruments	42.2	687,148	19.41%	688,383	21.08%
Mutual funds		139,298	3.93%	63,001	1.93%
Temporary interest based loans to members		635,610	17.95%	494,785	15.15%
Savings accounts with banks		190,226	5.37%	176,072	5.39%
		3,540,788	100.00%	3,265,609	100.00%

42.2 Fair value of equity instruments include ordinary shares of the Company whose fair value as at 31 December 2017 is Rs. 10.10 million (2016: Rs. 6.30 million).

42.3 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

43 Reconciliation of movement of liabilities to cash flows arising from financing activities

	2017								
	Liabilities					Equity			
(Rupees in '000)	Long term finances	Short term borrowings	Short term running finances	Interest mark-up accrued	Unclaimed dividend	Share capital	Share premium	General Reserve	Total
Balance as at 01 January 2017	5,637,473	4,345,157	2,013,120	48,888	21,122	453,496	249,527	280,000	13,048,783
Cash flows									
Receipts from long term finances	5,770,625	–	–	–	–	–	–	–	5,770,625
Short term borrowings repaid net of receipts	–	7,500,829	(1,499,212)	–	–	–	–	–	6,001,617
Repayment of long term finances	(2,000,000)	–	–	–	–	–	–	–	(2,000,000)
Finance cost paid	–	–	–	(997,662)	–	–	–	–	(997,662)
Dividends paid	–	–	–	–	(18,587,733)	–	–	–	(18,587,733)
Total changes from financing cash flows	3,770,625	7,500,829	(1,499,212)	(997,662)	(18,587,733)	–	–	–	(9,813,153)
Non-cash changes									
Dividend approved	–	–	–	–	18,593,329	–	–	–	18,593,329
Finance cost	–	–	–	1,095,630	–	–	–	–	1,095,630
Total non-cash changes	–	–	–	1,095,630	18,593,329	–	–	–	19,688,959
Closing as at 31 December 2017	9,408,098	11,845,986	513,908	146,856	26,718	453,496	249,527	280,000	22,924,589

44 Date of authorization for issue

These financial statements were authorized for issue on February 21, 2018 by the Board of Directors of the Company.

45 Dividend

The Board of Directors in their meeting held on February 21, 2018 have proposed a Final Cash dividend for the year ended 31 December 2017 of Rs. 80 per share (2016: Rs. 170 per share), amounting to Rs. 3,627.97 million (2016: Rs. 7,709.43 million) for approval of the members at the Annual General Meeting to be held on April 16, 2018. These financial statements do not reflect this dividend.

46 General

46.1 Corresponding figures

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

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

JOHN MICHAEL DAVIS	**BRUNO BORIS OLIERHOEK**	**SYED YAWAR ALI**
Chief Financial Officer	Chief Executive	Chairman

FORM OF PROXY

Nestlé Pakistan Ltd.
308 – Upper Mall, Lahore, Pakistan.

I/We, ____, of ___________________________________, being a member of Nestlé Pakistan Ltd., holder of _____________________________ Ordinary Share(s) as per registered Folio No. _________________________________ hereby appoint Mr. / Mrs.__________________________________ Folio No. __________ of ________________________or failing him Mr. / Mrs.__________________________ Folio No. _______________ of __________________, who is also a member of Nestlé Pakistan Ltd., as my / our proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the 40th Annual General Meeting of the Company to be held on April 16, 2018 and at any adjournment thereof.

Signed under my / our hand this _______ day of ____________, 2018.

Signature across Rs. 5 Revenue Stamp

Signature should agree with the specimen signature registered with the company

Signed in the presence of:

_____________________	_____________________
Signature of Witness No. 1	Signature of Witness No. 2
Name: _____________________	Name: _____________________
CNIC No.: _____________________	CNIC No.: _____________________

NOTES:

1 This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorised. No person shall be appointed as proxy who is not a member of the Company qualified to vote except that a corporation being a member may appoint a person who is not a member.

2 The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office of the Company not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid.

AFFIX
CORRECT
POSTAGE

The Company Secretary

Nestlé Pakistan Ltd.

308 – Upper Mall, Lahore, Pakistan

Phone No. +92 42 111 637 853
Fax No. +92 42 3578 9303
www.nestle.pk

پراکسی فارم

نیسلے پاکستان لمیٹڈ، 308 -اپر مال، لاہور

میں/ہم ____________________

برائے ____________________

نیسلے پاکستان لمیٹڈ کے ممبر (ممبران) کی حیثیت سے ____________________

عمومی شیئرز کی تحویل رکھتا ہوں/رکھتے ہیں ____________________

لہٰذا بذریعہ ہذا ____________ کے/کی جناب/محترمہ ____________________

کو بحوالہ فولیو/CDC اکاؤنٹ نمبر یا ان کی جگہ ____________________

کے/کی جناب/محترمہ ____________ بحوالہ فولیو/CDC اکاؤنٹ نمبر ____________ (یہ بھی نیسلے پاکستان لمیٹڈ کے/کی ممبر ہیں) کو کمپنی کے (40) چالیسویں سالانہ اجلاس عام میں اپنی جگہ شرکت، رائے اور ووٹ دینے کے لئے اپنا پراکسی تقرر کرتا/کرتی ہوں/کرتے ہیں۔ یہ اجلاس 16 اپریل 2018 کو التواء کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہوگا۔

میں/ہم بروز ____________ بتاریخ ____________ کو اپنے دستخط/مہر کے ساتھ اس امر کی تصدیق کرتا/کرتی ہوں/کرتے ہیں۔

مذکورہ بالا کے دستخط ____________

ان کی موجودگی میں 1. ____________________

2. ____________________

فولیو/CDC اکاؤنٹ نمبر

پانچ روپے کی ریوینیو مہر پر دستخط

یہ دستخط کمپنی کے پاس رجسٹرڈ نمونہ دستخط کے جیسے ہونے چاہئیں

اہم نکات:

1۔ باضابطہ، مکمل شدہ اور دستخط کردہ یہ پراکسی فارم کمپنی کے رجسٹرڈ آفس بمقام 308۔ اپر مال روڈ لاہور، میں اجلاس کے وقت سے 48 گھنٹے قبل پہنچ جانا چاہیئے۔

2۔ کمپنی کا ممبر نہ ہونے کی صورت میں کسی فرد کو بطور پراکسی مقرر نہیں کیا جا سکتا، ماسوائے کارپوریشن جو ممبر کے علاوہ دوسرے فرد کو پراکسی نامزد کر سکتی ہے۔

3۔ CDC شیئر ہولڈر یا انکے پراکسی کی صورت میں اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ بمع CDC پارٹیسپنٹ آئی ڈی اور اکاؤنٹ نمبر اپنی شناخت کے لئے پیش کرنا ہوگا۔

4۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹر کی قرارداد/پاور آف اٹارنی بمع نمونہ دستخط، پراکسی فارم کے ساتھ کمپنی کو پیش کئے جائیں (اگر وہ پہلے پیش نہ کئے گئے ہوں)۔

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