



## **UNILEVER PAKISTAN FOODS LIMITED**

CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED MARCH 31, 2020



# UNILEVER PAKISTAN FOODS LIMITED

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Kamran Y. Mirza	Independent Director & Chairman of the Board
Mr. Amir R. Paracha	Executive Director & Chief Executive
Mr. Aly Yusuf	Executive Director & Chief Financial Officer
Ms. Farheen Salman Amir	Executive Director
Mr. Zulfikar Monnoo	Non-Executive Director
Mr. Muhammad Adil Monnoo	Non-Executive Director
Mr. Kamal Monnoo	Non-Executive Director
Mr. Sarfaraz Ahmed Rehman	Independent Director
Mr. Khalid Mansoor	Independent Director
Mr. Ali Tariq	Non-Executive Director

### Company Secretary

Mr. Aman Ghanchi

### Audit Committee

Mr. Khalid Mansoor	Chairman & Member
Mr. Zulfikar Monnoo	Member
Mr. Muhammad Adil Monnoo	Member
Mr. Sarfaraz Ahmed Rehman	Member
Mr. Kamran Y. Mirza	Member
Mr. Moiz Idris Rajput	Secretary & Head of Internal Audit

### Human Resource & Remuneration Committee

Mr. Kamran Y. Mirza	Chairman & Member
Mr. Zulfikar Monnoo	Member
Mr. Kamal Monnoo	Member
Mr. Sarfaraz Ahmed Rehman	Member
Mr. Amir R. Paracha	Member
Ms. Kanize Fathema Zuberi	Secretary & Head of HR

### Auditors

Messrs KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road, Karachi - 75530  
Pakistan

### Registered Office

Avari Plaza  
Fatima Jinnah Road  
Karachi - 75530

### Share Registration Office

CDC Share Register Service Limited  
CDC House. 99-B. Block "B" S.M.C.H.S.  
Main Shahra-e-Faisal Karachi - 74400

### Website Address

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

# UNILEVER PAKISTAN FOODS LIMITED

## Directors' Review

The directors are pleased to present the financial information for the first quarter ended March 31, 2020.

Sales grew by 17.2% on the back of strong brand equity, wider reach and effective spending on advertisement and promotion. Gross Margin declined by 2.64% to 40.8% due to difficult operating environment. Earnings per share (EPS) increased by 48.4% versus the same period last year.

Financial Highlights	First quarter ended March 31,		Increase
	2020	2019	
	Rs '000		
Net Sales	3,888,064	3,317,516	17.2%
Profit before Taxation	936,675	765,029	22.4%
Profit after Taxation	826,988	557,381	48.4%
Earnings per Share (Rs.)	129.83	87.50	48.4%

## Future Outlook

The rapid spread of COVID -19 has caused severe disruption to the global socio-economic environment & Pakistan was no exception. Towards the end of the last quarter, the GoP ordered a strict lock down which adversely impacted the industrial & commercial activities with ensuing hardship on the general public. As a responsible corporate citizen, your company contributed to the well-being of all the stake holders, while complying with the successive directives of the Federal & Provincial Governments. Despite the abnormal conditions, your company performance in the last quarter was very encouraging. At this point in time, it is difficult to forecast as to how long the pandemic will last & when normalcy will return domestically as well as internationally. Your company is cognizant of the challenges but will strive to continue to deliver creditable results, for the benefit of all the stake holders, based on its inherent strengths. These are - access to global expertise, superior consumer understanding, continuous innovations & world class customer service.

Thanking you all.

On behalf of the Board

**Amir R. Paracha**  
Chief Executive Officer

Karachi  
May 12, 2020

**Kamran Y. Mirza**  
Chairman

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2020

	Note	Unaudited March 31, 2020 (Rupees in thousand)	Audited December 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	3,669,883	3,654,460
Right-of-use assets		12,367	18,594
Intangible assets		81,637	81,637
Long term deposit and prepayment		2,980	2,980
Long term loans and advances		5,092	5,157
		<u>3,771,959</u>	<u>3,762,828</u>
<b>Current assets</b>			
Stores and spares		156,761	140,520
Stock in trade		1,042,639	902,351
Trade debts		1,099,209	868,282
Loans and advances		9,967	13,854
Trade deposits and short term prepayments		10,387	14,408
Other receivables		35,007	32,050
Taxation - net		412,934	426,235
Sales tax refundable		176,050	203,749
Cash and bank balances		1,996,609	724,556
		<u>4,939,563</u>	<u>3,326,005</u>
<b>Total assets</b>		<u><u>8,711,522</u></u>	<u><u>7,088,833</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital		63,699	63,699
Reserves		3,067,486	2,240,498
		<u>3,131,185</u>	<u>2,304,197</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Staff retirement benefits		26,028	24,141
Deferred taxation		333,248	280,539
		<u>359,276</u>	<u>304,680</u>
<b>Current liabilities</b>			
Trade and other payables		5,137,640	4,263,527
Unpaid dividend		943	27,348
Unclaimed dividend		21,960	21,504
Provisions	5	54,340	67,251
Unclaimed Fractional Entitlement		225	-
Accrued interest / mark-up		360	34,717
Short term borrowings		-	35,217
Current portion of Lease liabilities		5,593	30,392
		<u>5,221,061</u>	<u>4,479,956</u>
<b>Total liabilities</b>		<u>5,580,337</u>	<u>4,784,636</u>
<b>Total equity and liabilities</b>		<u><u>8,711,522</u></u>	<u><u>7,088,833</u></u>
<b>Contingency and commitments</b>			
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The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

**Amir R. Paracha**  
Chief Executive

**Farheen Salman Amir**  
Director

**Aly Yusuf**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2020 (UNAUDITED)

	Quarter ended	
	March 31, 2020	March 31, 2019
	(Rupees in thousand)	
Sales - net	3,888,064	3,317,516
Cost of sales	(2,301,159)	(1,875,932)
Gross profit	1,586,905	1,441,584
Distribution cost	(583,573)	(560,213)
Administrative expenses	(52,916)	(83,913)
Other operating expenses	(51,918)	(45,841)
Other income	50,360	42,043
	948,858	793,660
Finance cost	(12,183)	(28,631)
<b>Profit before taxation</b>	936,675	765,029
Taxation		
- current	(56,977)	(202,757)
- deferred	(52,710)	(4,891)
	(109,687)	(207,648)
<b>Profit after taxation</b>	826,988	557,381
Other comprehensive income	-	-
<b>Total comprehensive income</b>	826,988	557,381
	(Rupees)	
Basic and diluted earnings per share	129.83	87.50

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

**Amir R. Paracha**  
Chief Executive

**Farheen Salman Amir**  
Director

**Aly Yusuf**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2020 (UNAUDITED)

	SHARE CAPITAL	RESERVES				SUB TOTAL	TOTAL
		CAPITAL		REVENUE			
	Issued, subscribed and paid-up capital	Share premium	Special	General	Unappropriated profit		
	----- (Rupees in thousand) -----						
Balance as at January 1, 2020	63,699	1,296,499	628	138	943,233	2,240,498	2,304,197
Total comprehensive income for the period							
Profit for the quarter ended March 31, 2020	-	-	-	-	826,988	826,988	826,988
Other comprehensive income for quarter ended March 31, 2020	-	-	-	-	-	-	-
Balance as at March 31, 2020	<u>63,699</u>	<u>1,296,499</u>	<u>628</u>	<u>138</u>	<u>1,770,221</u>	<u>3,067,486</u>	<u>3,131,185</u>
Balance as at January 1, 2019	63,699	1,296,499	628	138	531,599	1,828,864	1,892,563
Total comprehensive income for the period							
Profit for the quarter ended March 31, 2019	-	-	-	-	557,381	557,381	557,381
Other comprehensive income for quarter ended March 31, 2019	-	-	-	-	-	-	-
Balance as at March 31, 2019	<u>63,699</u>	<u>1,296,499</u>	<u>628</u>	<u>138</u>	<u>1,088,980</u>	<u>2,386,245</u>	<u>2,449,944</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

**Amir R. Paracha**  
Chief Executive

**Farheen Salman Amir**  
Director

**Aly Yusuf**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2020 (UNAUDITED)

	Quarter ended	
Note	March 31, 2020 (Rupees in thousand)	March 31, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	936,675	765,029
<b>Adjustment for:</b>		
Depreciation	68,347	43,264
Depreciation on right of use asset	6,226	6,004
Mark-up on short term borrowings	9,309	25,968
Provision for staff retirement benefits	2,092	1,729
Return on savings accounts	(24,703)	(366)
	61,271	76,599
	997,946	841,628
<b>Effect on cash flow due to working capital changes</b>		
Decrease / (increase) in current assets		
Stores and spares	(16,241)	282
Stock in trade	(140,288)	85,724
Trade debts	(230,927)	(403,827)
Loans and advances	3,887	(3,501)
Trade deposits and short term prepayments	4,021	3,760
Sales tax refundable	27,699	59,258
Other receivables	(2,957)	27,741
	(354,806)	(230,563)
Increase / (decrease) in current liabilities		
Trade and other payables	874,113	348,494
Provisions	(12,911)	(4,132)
Sales tax payable	-	-
	861,202	344,362
Cash generated from operations	1,504,342	955,427
Mark-up paid	(43,666)	(12,964)
Income tax paid	(43,676)	(32,647)
Increase in long term loans and advances	65	606
Unclaimed Fractional Entitlement	225	-
Staff retirement benefits - contributions paid	(205)	(302)
Net cash from operating activities	1,417,085	910,120
<b>CASH USED IN INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(83,770)	(297,560)
Return received on savings accounts	24,703	366
Net cash used in investing activities	(59,067)	(297,194)
<b>CASH USED IN FINANCING ACTIVITIES</b>		
Lease liability payments	(24,799)	(4,342)
Dividend paid	(25,949)	6,382
	(50,748)	2,040
Net increase / (decrease) in cash and cash equivalents	1,307,270	614,966
Cash and cash equivalents at beginning of the period	689,339	175,822
Cash and cash equivalents at end of the period	7 1,996,609	790,788

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.

**Amir R. Paracha**  
Chief Executive

**Farheen Salman Amir**  
Director

**Aly Yusuf**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 (UNAUDITED)

### 1. BASIS OF PREPARATION

These condensed interim financial statements of Unilever Pakistan Foods Limited ("the Company") for the three months ended March 31, 2020 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements are presented in Pakistani Rupees which is the functional currency of the Company and figures are rounded off to the nearest thousand of Rupees.

### 2. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2019.

### 3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended December 31, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2019.

### 4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited March 31, 2020 (Rupees in thousand)	Audited December 31, 2019
Operating assets - at net book value	3,499,483	3,198,712
Capital work in progress - at cost	170,400	455,748
	<u>3,669,883</u>	<u>3,654,460</u>



# UNILEVER PAKISTAN FOODS LIMITED

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 (UNAUDITED)

4.1 Additions of operating assets during the period are as follows:

	<b>Additions (at cost)</b>	
	<b>Unaudited March 31, 2020 (Rupees in thousand)</b>	<b>Unaudited March 31, 2019</b>
Building on freehold land	111,114	2,194
Plant and machinery	216,283	47,961
Electrical, mechanical and office equipment	38,160	989
Furniture and fixtures	3,561	100
	<b>369,118</b>	<b>51,244</b>

### 5. PROVISIONS

		<b>Unaudited March 31, 2020 (Rupees in thousand)</b>	<b>Audited December 31, 2019</b>
Sindh Infrastructure Cess	5.1	54,340	51,428
Restructuring		-	15,823
		<b>54,340</b>	<b>67,251</b>

5.1 The change represents provision made during the period.

### 6. CONTINGENCY AND COMMITMENTS

#### 6.1 Contingency

There were no contingencies as on March 31, 2020.

#### 6.2 Commitments

The commitments for capital expenditure outstanding as at March 31, 2020 amounted to Rs. 170.4 million (December 31, 2019: Rs. 455.75 million).

### 7. CASH AND CASH EQUIVALENTS

	<b>Unaudited March 31, 2020 (Rupees in thousand)</b>	<b>Unaudited March 31, 2019</b>
Cash and bank balances	1,996,609	1,367,281
Short term borrowings	-	(576,493)
	<b>1,996,609</b>	<b>790,788</b>

# UNILEVER PAKISTAN FOODS LIMITED

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 (UNAUDITED)

### 8. RELATED PARTY TRANSACTIONS

Related party transactions during the period are as follows:

Relationship with the company	Nature of transactions	Unaudited March 31, 2020 (Rupees in thousand)	Unaudited March 31, 2019
i) Holding company	Royalty	-	14
ii) Other related parties	Technology fee and royalty	177,122	134,047
	Purchase of goods	659,925	614,713
	Sale of goods	14,492	16,164
	Fee for receiving of services from related parties	185,813	172,925
	Fee for providing of services to related parties	14,116	19,452
	Contribution to:		
	- Defined Contribution plan	3,905	4,841
	Settlement/ (receipt) on behalf of:		
	- Defined Contribution plan	21,246	7,577
iii) Key management personnel	Salaries and other short-term employee benefits	5,746	9,008

### 9. INTERIM DIVIDEND

The Board of Directors in its meeting held on May 12, 2020 declared a first interim cash dividend for the year ending December 31, 2020 of Rs. 130.00 per share (first interim dividend for the year ended December 31, 2019: Rs. 88.00 per share) amounting to Rs. 828.11 million (first interim dividend for the year ended December 31, 2019: Rs. 560.56 million).

### 10. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on May 12, 2020 by the Board of Directors of the Company.

# یونی لیور پاکستان فوڈز لمیٹڈ

## ڈائریکٹر ان کارجازہ

ڈائریکٹر ۳۱ مارچ ۲۰۲۰ کو ختم ہونے والی پہلی سہ ماہی کے لئے مالی معلومات پیش کرنے پر خوش ہیں۔

مضبوط برانڈ ایکویٹی، وسیع پیمانے پر پہنچنے اور اشتہار اور فروغ پر موثر اخراجات کی بدولت فروخت میں ۷۲ فیصد اضافہ ہوا۔ مشکل ماحول پیدا ہونے کی وجہ سے مجموعی مارجن ۶۱۲ فیصد کم ہو کر ۸۰۶ فیصد رہ گیا۔ گزشتہ سال اسی مدت کے مقابلے میں فی حصص آمدنی (EPS) میں ۴۸۶ فیصد کا اضافہ ہوا ہے۔

۳۱ مارچ کو ختم شدہ تین ماہ نتائج			مالیاتی کارکردگی کا خلاصہ
2019	2020	اضافہ %	
روپے ہزار میں			
3,317,516	3,888,064	17.2%	فروخت
765,029	936,675	22.4%	ٹیکس سے قبل منافع
557,381	826,988	48.4%	ٹیکس کے بعد منافع
87.50	129.83	48.4%	فی حصص آمدنی (روپے)

## مستقبل پر نظر

کوویڈ-۱۹ کے تیزی سے پھیلاؤ نے عالمی معاشرتی اور معاشی ماحول میں شدید خلل پیدا کیا ہے اور پاکستان بھی اس میں مستثنیٰ نہیں تھا۔ آخری سہ ماہی کے اختتام کی طرف، حکومت نے ایک سخت لاک ڈاؤن کا حکم دیا جس نے صنعتی اور تجارتی سرگرمیوں پر منفی اثر ڈالا جس سے عام لوگوں کو مشکلات کا سامنا کرنا پڑا۔ ایک ذمہ دار کارپوریٹ شہری کی حیثیت سے، آپ کی کمپنی نے وفاقی اور صوبائی حکومتوں کی متواتر ہدایتوں کی تعمیل کرتے ہوئے، تمام اسٹیک ہولڈرز کی فلاح و بہبود میں حصہ لیا۔ غیر معمولی حالات کے باوجود، آخری سہ ماہی میں آپ کی کمپنی کی کارکردگی بہت حوصلہ افزا تھی۔ اس وقت، یہ پیش گوئی کرنا مشکل ہے کہ وبائی بیماری کب تک قائم رہے گی اور جب عام طور پر حالات اندرونی اور بین الاقوامی سطح پر لوٹ آئیں گے۔ آپ کی کمپنی چیلنجوں کا علم رکھتی ہے لیکن اس کی موروثی طاقتوں کی بنیاد پر تمام اسٹیک ہولڈرز کے مفاد میں ہم قابل اعتبار نتائج کی فراہمی کی کوشش جاری رکھے گے۔ یہ ہیں۔ عالمی مہارت تک رسائی، اعلیٰ صارف کی سمجھ بوجھ، مسلسل بدعات اور عالمی معیار کی کسٹمر سروس۔

منجانب بورڈ

کامران مرزا

چیئر مین

عامر پراچہ  
چیف ایگزیکٹو آفیسر

کراچی

12 مئی 2020

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**Karachi-75530**  
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