



UNILEVER PAKISTAN FOODS LIMITED

*CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024*



UNILEVER PAKISTAN FOODS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Sarfaraz Ahmed Rehman

Independent Director
& Chairman of the Board

Mr. Amir R. Paracha

Executive Director & Chief Executive Officer

Mr. Muhammad Shahzad

Executive Director & Chief Financial Officer

Ms. Asima Haq

Executive Director

Mr. Zulfikar Monnoo

Non-Executive Director

Mr. Muhammad Adil Monnoo

Non-Executive Director

Mr. Kamal Monnoo

Non-Executive Director

Mr. Asad Said Jafar

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. Asad Said Jafar

Member

Ms. Aniq Bawani

Secretary & Head of Internal Audit

Human Resource & Remuneration Committee

Mr. Asad Said Jafar

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

Unilever Pakistan Foods Limited

Directors' Review

The directors are pleased to present the financial information for the three months ended March 31, 2024.

During the period strong inflationary pressures have led consumers to scale back on purchases of non-essential commodities like instant noodles in favour of essential supplies. This shift has led to 17.9% decline in sales. Addressing the double-digit inflation by passing on value to consumers through pricing adjustments, we landed at a gross margin of 38.9%. Earnings per Share (EPS) dropped by 45.7% compared to the same period, led by dilution of gross margin and maturity of investment tax credits.

Financial Highlights	Three months ended		
	March 31,		Variance
	2024	2023	
	Rs '000		
Net Sales	8,760,456	10,667,803	-17.9%
Profit before Taxation	2,585,498	3,473,440	-25.6%
Profit after Taxation	1,820,976	3,356,280	-45.7%
Earnings per Share (Rs.)	285.87	526.89	-45.7%

Future Outlook

After a contraction in 2023, macro indicators are queuing towards economic stability. Stabilisation of FX reserves through revival of IMF program has eased supply constraints and input cost volatility, driving increased operational momentum.

Nevertheless, high headline inflation persists, on an already elevated base, thereby compelling consumers to make conscious consumption. As a result, we anticipate gradual recovery of demand for our non-discretionary portfolio.

Our management team aims at capitalizing our brand's strength, introducing exciting innovations and enhancing cost efficiencies across the value chain to create shareholder value.

Thanking you all.

On behalf of the Board

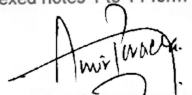
Amir R. Paracha
Chief Executive Officer
Karachi
April 26, 2024

Sarfaraz Ahmed Rehman
Chairman
Karachi
April 26, 2024

Unilever Pakistan Foods Limited
Condensed Interim Statement of Financial Position
As at March 31, 2024

	Note	Unaudited March 31, 2024 (Rupees in thousand)	Audited December 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	4	7,950,021	7,865,480
Right-of-use assets		-	3,575
Intangible assets		81,637	81,637
Long term deposit and prepayment		2,980	2,980
		<u>8,034,638</u>	<u>7,953,672</u>
Current assets			
Stores and spares		299,541	301,859
Stock-in-trade		3,298,856	4,214,955
Trade debts - net		2,129,445	1,118,987
Loans and advances		17,081	68,288
Trade deposits and short term prepayments		117,542	121,116
Other receivables		159,217	155,225
Sales tax refundable - net		684,247	899,211
Taxation - net		2,147,264	2,767,828
Short term investments	5	3,971,418	3,809,898
Cash and bank balances	6	9,881,861	9,648,817
		<u>22,706,472</u>	<u>23,106,184</u>
Total assets		<u>30,741,110</u>	<u>31,059,856</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		63,699	63,699
Reserves		17,416,966	15,595,990
		<u>17,480,665</u>	<u>15,659,689</u>
LIABILITIES			
Non-current liabilities			
Staff retirement benefits		72,065	67,576
Long term borrowing	7	532,673	557,866
Deferred income - government grant		288,697	304,683
Deferred taxation		549,492	509,423
		<u>1,442,927</u>	<u>1,439,548</u>
Current liabilities			
Trade and other payables		10,406,438	12,587,327
Current portion of deferred income - government grant		63,776	62,830
Current portion of long term borrowings	7	104,102	74,363
Provisions	8	165,479	158,294
Unpaid dividend		1,039,106	1,039,106
Unclaimed dividend		31,699	31,699
Accrued interest / mark up		6,918	7,000
		<u>11,817,518</u>	<u>13,960,619</u>
Total liabilities		<u>13,260,445</u>	<u>15,400,167</u>
Total equity and liabilities		<u>30,741,110</u>	<u>31,059,856</u>
Contingencies and commitments			
	9		

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Director &
Chief Financial Officer

Unilever Pakistan Foods Limited
Condensed Interim Statement of Profit or Loss and
Other Comprehensive Income (Unaudited)
For the three months period ended March 31, 2024

	Note	March 31, 2024	March 31, 2023
		----- (Rupees in thousand) -----	
Sales - net	10	8,760,456	10,667,803
Cost of sales		(5,355,924)	(5,761,035)
Gross profit		<u>3,404,532</u>	<u>4,906,768</u>
Distribution cost		(1,173,970)	(1,409,194)
Administrative expenses		(169,077)	(212,818)
Other operating expenses		(136,606)	(234,329)
Other income		656,093	517,799
Operating profit		<u>2,580,972</u>	<u>3,568,226</u>
Finance cost		4,526	(94,786)
Profit before taxation		<u>2,585,498</u>	<u>3,473,440</u>
Taxation			
- current		(724,453)	(131,893)
- deferred		(40,069)	14,733
		<u>(764,522)</u>	<u>(117,160)</u>
Profit after taxation		<u>1,820,976</u>	<u>3,356,280</u>
Other comprehensive income		-	-
Total comprehensive income		<u><u>1,820,976</u></u>	<u><u>3,356,280</u></u>
		----- (Rupees) -----	
Basic and diluted earnings per share		<u><u>285.87</u></u>	<u><u>526.89</u></u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.


Chief Executive

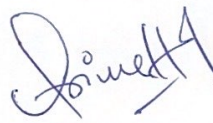

Director


Director &
Chief Financial Officer

Unilever Pakistan Foods Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the three months period ended March 31, 2024

	SHARE CAPITAL	CAPITAL		RESERVES		SUB TOTAL	TOTAL
	Issued, subscribed and paid-up capital	Share premium	Special	REVENUE			
				General	Unappropriated profit		
	(Rupees in thousand)						
Balance as at January 1, 2024	63,699	1,296,499	628	138	14,298,725	15,595,990	15,659,689
Total comprehensive income for the period							
Profit for the quarter ended March 31, 2024	-	-	-	-	1,820,976	1,820,976	1,820,976
Balance as at March 31, 2024	<u>63,699</u>	<u>1,296,499</u>	<u>628</u>	<u>138</u>	<u>16,119,701</u>	<u>17,416,966</u>	<u>17,480,665</u>
Balance as at January 1, 2023	63,699	1,296,499	628	138	6,153,067	7,450,332	7,514,031
Profit for the quarter ended March 31, 2023	-	-	-	-	3,356,280	3,356,280	3,356,280
Balance as at March 31, 2023	<u>63,699</u>	<u>1,296,499</u>	<u>628</u>	<u>138</u>	<u>9,509,347</u>	<u>10,806,612</u>	<u>10,870,311</u>


Chief Executive



Director


Director &
Chief Financial Officer

Unilever Pakistan Foods Limited
Condensed Interim Statement of Cash Flows (Unaudited)
For the three months period ended March 31, 2024

	March 31, 2024	March 31, 2023
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,585,498	3,473,440
Adjustment for:		
Depreciation	94,086	84,391
Depreciation on right-of-use asset	3,575	5,363
Gain/Loss on disposal of property, plant and equipment	(10,010)	-
Finance cost	6,097	5,122
Provision for staff retirement benefits	4,489	3,449
Return on short term investments held at fair value through profit or loss	(161,520)	(119,846)
Return on savings accounts	(406,608)	(96,164)
	<u>(469,891)</u>	<u>(117,685)</u>
	2,115,607	3,355,755
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
Stores and spares	2,318	(16,489)
Stock in trade	916,099	(618,477)
Trade debts	(1,010,458)	(689,403)
Loans and advances	51,207	(11,099)
Trade deposits and short term prepayments	3,574	8,440
Other receivables	(3,992)	29,310
Sales tax refundable	214,964	441,068
	<u>173,712</u>	<u>(856,650)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	(2,180,889)	1,962,961
Provisions	7,185	4,903
	<u>(2,173,704)</u>	<u>1,967,864</u>
Cash generated from operations	115,615	4,466,969
Mark-up paid	(6,179)	(5,180)
Income tax paid	(103,889)	(138,557)
Net cash generated from operating activities	<u>5,547</u>	<u>4,323,232</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(178,627)	(409,222)
Proceeds from disposal of property, plant and equipment	10,010	-
Short term investments made during the year held at fair value through profit or loss	-	(102,565)
Return received on savings accounts	406,608	96,164
Net cash generated / (used) in investing activities	<u>237,991</u>	<u>(415,623)</u>
CASH FLOWS (USED IN) / FROM FINANCING ACTIVITIES		
Lease liability payments	-	(22,252)
Proceeds from long term financing	(10,494)	246,547
Dividend paid	-	(485)
Net cash (used in) / generated from financing activities	<u>(10,494)</u>	<u>223,810</u>
Net (decrease) / increase in cash and cash equivalents	233,044	4,131,419
Cash and cash equivalents at beginning of the period	<u>9,648,817</u>	<u>5,273,859</u>
Cash and cash equivalents at end of the period	<u><u>9,881,861</u></u>	<u><u>9,405,278</u></u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.


Chief Executive


Director


Director &
Chief Financial Officer

Unilever Pakistan Foods Limited

Notes to and forming part of the Condensed Interim Financial Statements (Unaudited)

For the three months period ended March 31, 2024

1. BASIS OF PREPARATION

1.1 Statement of Compliance

These condensed interim financial statements of Unilever Pakistan Foods Limited ("the Company") for the three months ended March 31, 2024 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.

- 1.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2023. However, selected explanatory notes are included to explain events and transactions that are significant to understanding of changes in Company's financial position and performance since the last annual financial statements.

1.3 Basis of Measurement

These condensed interim financial statements have been prepared under the historical cost convention except as disclosed otherwise.

1.4 Functional and Presentation Currency

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, except where stated otherwise.

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, 2023.

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements, in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates.

During the preparation of these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the annual audited financial statements of the Company for the year ended December 31, 2023.

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited March 31, 2024	Audited December 31, 2023
	(Rupees in thousand)	
Operating assets - at net book value	4,388,140	3,783,542
Capital work in progress - at cost	3,561,881	4,081,938
	<u>7,950,021</u>	<u>7,865,480</u>

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

	Additions (at cost)	
	Unaudited	
	March 31, 2024	March 31, 2023
	(Rupees in thousand)	
Building on freehold land	133,366	37,875
Plant and machinery	549,245	27,825
Furniture and fixtures	16,162	-
	<u>698,773</u>	<u>65,699</u>

5. SHORT TERM INVESTMENTS

	Unaudited	Audited
	March 31, 2024	December 31, 2023
	(Rupees in thousand)	
At fair value through profit or loss	<u>3,971,418</u>	<u>3,809,898</u>

5.1 This represents investment in money market mutual funds.

6. CASH AND BANK BALANCES

	Unaudited	Audited
	March 31, 2024	December 31, 2023
	(Rupees in thousand)	
With banks on:		
- savings accounts	9,440,826	9,018,927
- current accounts	<u>441,004</u>	<u>629,808</u>
	9,881,830	9,648,735
- Cash in hand	<u>31</u>	<u>82</u>
	<u>9,881,861</u>	<u>9,648,817</u>

7. LONG TERM BORROWING

	Unaudited	Audited
	March 31, 2024	December 31, 2023
	(Rupees in thousand)	
Long term borrowings		
Finance facility - solar	102,943	108,999
Current portion of long term finance facility - solar	<u>(18,167)</u>	<u>(12,111)</u>
	84,776	96,888
Temporary Economic Refinance Facility (TERF)		
Current portion of TERF	<u>886,305</u>	<u>890,743</u>
	(85,935)	(62,252)
	800,370	828,491
Deferred income - government grant	<u>(352,473)</u>	<u>(367,513)</u>
	447,897	460,978
	<u>532,673</u>	<u>557,866</u>

7.1 Deferred income - government grant

The TERF scheme qualifies for the recognition criteria of a Government Grant as per IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. As a result, the liability has been broken down into two components. First one being recognition of a financial liability in accordance with IFRS 9 Financial Instruments which has been measured at fair value, that is, present value of future cashflows at the prevailing market rate. Second component is the recognition of deferred income as a liability. This is the difference between the fair value of the financing facility and loan proceeds received from the bank.

8. PROVISIONS		Unaudited	Audited
		March 31,	December 31,
		2024	2023
		(Rupees in thousand)	
	Sindh Infrastructure Cess	8.1	
		<u>165,479</u>	<u>158,294</u>

8.1 The change represents provision made during the period.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There were no contingencies as on March 31, 2024.

9.2 Commitments

The commitments for capital expenditure outstanding as at March 31, 2024 amounted to Rs. 619.8 million (December 31, 2023: Rs. 578.73 million).

10. SALES - net	Unaudited	
	March 31, 2024	March 31, 2023
(Rupees in thousand)		
The Company analyses its net revenue by the following product groups:		
Products used by end consumers	7,433,132	9,300,385
Products used by entities	1,327,324	1,367,418
	8,760,456	10,667,803

11. RELATED PARTY TRANSACTIONS

Related party transactions during the period other than those disclosed elsewhere in these condensed interim financial statements are as follows:

Relationship with the company	Nature of transactions	Unaudited March 31, 2024	Unaudited March 31, 2023
(Rupees in thousand)			
i) Holding company	Royalty	22,617	18,574
ii) Associated companies	Royalty and technology fee	331,128	490,934
	Purchase of goods & Property, Plant & Equipment	761,232	1,189,653
	Sale of goods	1,296	2,400
	Reimbursement of shared expenses to related parties	455,884	436,524
	Fee for receiving of services from related parties	2,216	5,010
iii) Staff retirement funds	Contribution to: - Defined Contribution plan	4,294	3,816
	Settlement on behalf of: - Defined Contribution plan	16,545	2,496
iv) Key management personnel	Salaries and other short-term employee benefits	22,024	23,984

Aggregate amount charged for fee to seven (March 31, 2023: seven) non-executive directors during the period amounted to Rs. 1.7 million (March 31, 2023: Rs. 1.7 million).

12. FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to a variety of financial risk namely credit risk, foreign exchange risk, interest rate risk, and liquidity risk. The Company has established adequate procedures to manage these risks.

These condensed interim financial statements do not include the financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with Company's annual financial statements for the year ended 31 December 2023. There have been no changes in the risk management policies since the year end.

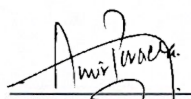
	Carrying amount Unaudited March 31, 2024	Carrying amount Audited December 31, 2023
(Rupees in thousand)		
FINANCIAL ASSETS		
<i>Fair value through profit or loss</i>		
Short term investment	3,971,418	3,809,898
<i>Amortized cost</i>		
Loans and advances	1,473	-
Trade debts	2,129,445	1,118,987
Long term deposits	2,980	2,980
Trade deposits	51,745	48,180
Other receivables	159,217	87,622
Cash and bank balances	9,881,861	9,648,817
	<u>16,198,139</u>	<u>14,716,484</u>
FINANCIAL LIABILITIES		
<i>Financial liabilities - not measured at fair value</i>		
Long term borrowing	636,775	632,229
Trade and other payables	9,873,106	12,056,272
Unpaid dividend	1,039,106	1,039,106
Unclaimed dividend	31,699	31,699
Accrued interest / mark up	6,918	7,000
	<u>11,587,604</u>	<u>13,766,306</u>

13. PROPOSED INTERIM DIVIDEND

The Board of Directors in its meeting held on April 26, 2024 declared a first interim cash dividend for the three months ended March 31, 2024 of Rs.143 per share (three months ended March 31, 2023: Rs. Nil per share) amounting to Rs.911 million (three months ended March 31, 2023: Rs. Nil).

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 26, 2024 by the Board of Directors of the Company.


Chief Executive
Director
Director &
Chief Financial Officer

ڈائریکٹرز رپورٹکا جائزہ

ڈائریکٹرز 31 مارچ 2024 کو ختم ہونے والے تین مہینوں کی مالی معلومات پیش کرنے پر خوش ہیں۔

اس عرصے کے دوران افراط زر کے شدید دباؤ نے صارفین کو ضروری سامان کی فراہمی کے حق میں نوڈلز جیسی غیر ضروری اشیاء کی خریداری میں کمی لانے پر مجبور کیا ہے۔ اس تبدیلی کی وجہ سے فروخت میں 17.9 فیصد کمی واقع ہوئی ہے۔ قیمتوں میں ایڈجسٹمنٹ کے ذریعے صارفین کو قیمت منتقل کر کے افراط زر سے نمٹنے کے لیے، ہم 38.9 فیصد کے مجموعی مارجن پر اترے ہیں۔ اسی مدت کے مقابلے میں فی حصص آمدنی (ای پی ایس) میں 45.7 فیصد کی کمی واقع ہوئی، جس کی وجہ مجموعی مارجن میں کمی اور سرمایہ کاری ٹیکس کریڈٹ کی پختگی ہے۔

کروباری نتائج

2023 2024

ملین روپے

10,667,803	8,760,456	فروخت
3,473,440	2,585,498	ٹیکس سے پہلے منافع
3,356,280	1,820,976	ٹیکس کے بعد منافع
526.89	285.87	ای پی ایس

مستحکم کا انداز

2023 تنگی کے بعد، ماکرو اشارے معاشی مستحکم کی طرف اشارہ کر رہے ہیں۔

آئی ایم ایف پروگرام کی دوبارہ بحالی کے ذریعے ایف ایکس ریزرو کی مستحکم نے فراہمی کی پابندیوں اور داخلہ کی لاحقہ بے ثباتی کو کم کیا ہے، جس نے عملی ترقی کی میزانی میں اضافہ کر دیا۔

اس کے باوجود، اعلیٰ افراط زر پہلے سے ہی بلند بنیاد پر برقرار ہے، جس سے صارفین کو محتاط کھپت کرنے پر مجبور کیا جاتا ہے۔ نتیجے کے طور پر، ہم اپنے غیر صوابدیدی پورٹ فولیو کی مانگ کی بتدریج بحالی کی توقع کرتے ہیں۔

ہماری انتظامی ٹیم کا مقصد ہمارے برانڈ کی طاقت کا فائدہ اٹھانا، دلچسپ اختراعات متعارف کرانا اور حصص یافتگان کی قدر پیدا کرنے کے لیے ویلیو چین میں لاگت کی استعداد کو بڑھانا ہے۔

آپ سب کا شکریہ۔

بورڈ کی جانب سے

Amir R. Paracha
Chief Executive Officer
Karachi
April 26, 2024

Sarfaraz Ahmed Rehman
Chairman
Karachi
April 26, 2024

Unilever Pakistan Foods Limited
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