

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022



COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Kamran Y. Mirza Independent Director
& Chairman of the Board

Mr. Amir R. Paracha Executive Director & Chief Executive Officer
Mr. Aly Yusuf 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. 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

Ms. Marium Farooq 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

Directors' Review

The directors are pleased to present the financial information for the three months ended March 31, 2022.

Sales grew by 30% on the back of strong fundamentals i.e superior product, brand equity, wider reach and effective spending on advertisement and promotion. The growth was broad based with both retail business and Food Solutions delivering strong results. Gross Margin declined by 159 bps to 44.1% versus same period last year, mainly led by commodity inflation. Earnings per share (EPS) increased by 25.7% versus the same period last year driven primarily by sales growth.

Financial Highlights	Three months		
	March 31, 2022 ←——Rs '0	March 31, 2021	Increase
Net Sales	6,552,295	5,040,194	30%
Profit before Taxation	1,897,664	1,525,988	24%
Profit after Taxation	1,828,418	1,454,649	26%
Earnings per Share (Rs.)	287.04	228.36	26%

Future Outlook

Pakistan's economic situation remains volatile due to sustained double digit inflation and rising current account deficit. Moreover, the latest political developments in the country have added to the uncertainty.

The management, however, remains committed to navigate the challenges by leveraging the power of our brands and our global and local expertise. We will continue our efforts on providing value to our consumers through new pack price architecture and driving cost transformation to ensure efficiencies within the value chain. We are confident that we will continue to deliver competitive, consistent, responsible, and profitable growth benefitting all stakeholders.

Thanking you all.

On behalf of the Board

Amir R. Paracha
Chief Executive Officer

Kamran Y. Mirza Chairman

Karachi April 26, 2022

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION As at March 31, 2022

	Note	Unaudited March 31, 2022	Audited December 31, 2021
ASSETS		← (Rupees in	thousand) ——
Non-current assets			
Property, plant and equipment	4	4,322,030	4,053,993
Right-of-use assets		41,117	46,511
Intangible assets		81,637	81,637
Long term deposit and prepayment		2,980	2,980
Long term loans and advances		1,150	1,144
Current assets		4,448,914	4,186,265
Stores and spares		200,844	196,537
Stock-in-trade		1,952,626	1,327,888
Trade debts - net		1,121,687	519,372
Loans and advances		57,590	3,531
Trade deposits and short term prepayments		105,461	82,055
Interest Accrued		7,500	_
Other receivables		5,830	96,046
Sales tax refundable - net		111,411	142,810
Taxation - net		518,836	536,557
Cash and bank balances		3,785,085	3,297,755
		7,866,870	6,202,551
Total assets		12,315,784	10,388,816
Share capital and reserves Share capital Reserves		63,699 4,729,826 4,793,525	63,699 2,905,867 2,969,566
LIABILITIES			
Non-current liabilities			15.510
Staff retirement benefits		23,865	15,513
Long term borrowing	8	331,969	168,619
Deferred income - government grant		90,965	29,271
Lease liabilities		-	20,571
Deferred taxation		353,129	357,704
Current liabilities		799,928	591,678
Trade and other payables		6,522,110	5,257,888
Current portion of deferred income - government grant		7,746	2,252
Current portion of lease liabilities		20,979	387
Provisions	5	129,498	124,524
Unpaid dividend		13,761	1,416,018
Unclaimed dividend		24,627	24,627
Accrued Mark-up		3,610	1,876
·		6,722,331	6,827,572
Total liabilities		7,522,259	7,419,250
Total equity and liabilities		12,315,784	10,388,816
Contingency and commitments	6		

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

Amir Paracha Asima Haq Aly Yusuf

Chief Executive Director Director & Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

	Note	March 31, 2022	March 31, 2021
		← (Rupees in the state of t	nousand)
Sales - net	7	6,552,295	5,040,194
Cost of sales		(3,664,649)	(2,738,940)
Gross profit		2,887,646	2,301,254
Distribution cost		(824,341)	(633,261)
Administrative expenses		(117,064)	(85,126)
Other operating expenses		(131,000)	(103,701)
Other income		109,471	51,754
		1,924,712	1,530,920
Finance cost		(27,048)	(4,932)
Profit before taxation		1,897,664	1,525,988
Taxation			
- current		(72,000)	(57,601)
- deferred		2,754	(13,738)
		(69,246)	(71,339)
Profit after taxation		1,828,418	1,454,649
Other comprehensive income net of deferred tax		(4,459)	-
Total comprehensive income		1,823,959	1,454,649
		← (Rupe	es)
Earnings per share - basic and diluted		287.04	228.36

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

	SHARE			RESER	VES		TOTAL
	CAPITAL	CAPIT	ΆL	F	REVENUE	SUB TOTAL	
	Issued, subscribed and paid-up capital	Share premium	Special		Unappropriated profit		
	•		—— (R	upees in th	ousand) ———		
Balance as at January 1, 2022 Total comprehensive income for the period	63,699	1,296,499	628	138	1,608,602	2,905,867	2,969,566
Profit for the quarter ended March 31, 2022	-	-	-	-	1,828,418	1,828,418	1,828,418
Other comprehensive income for quarter ended March 31, 2022	-	-	-	-	(4,459)	(4,459)	(4,459)
Balance as at March 31, 2022	63,699	1,296,499	628	138	3,432,561	4,729,826	4,793,525
Balance as at January 1, 2021	63,699	1,296,499	628	138	1,386,730	2,683,995	2,747,694
Profit for the quarter ended March 31, 2021	-	-	-	-	1,454,649	1,454,649	1,454,649
Other comprehensive income for quarter ended March 31, 2021	-	-	-	-	-	-	-
Balance as at March 31, 2021	63,699	1,296,499	628	138	2,841,379	4,138,644	4,202,343

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

٨	March 31, lote 2022	March 31, 2021
	← (Rupees in the second of	housand)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,897,664	1,525,988
Adjustment for:		
Depreciation	76,342	75,228
(Gain)/Loss on disposal of property, plant and equipment	(70)	- 5.047
Depreciation on right-of-use asset Finance cost	5,394 5,999	5,917 672
Provision for staff retirement benefits	2,070	2.001
Provision for impairment of property, plant and equipment - net	(589)	2,001
Return on savings accounts	(69,476)	(22,889)
3	19,670	60,929
Effect on cash flow due to working capital changes	1,917,334	1,586,917
Decrease / (increase) in current assets		(2 -22)
Stores and spares	(4,307)	(3,562)
Stock in trade Trade debts	(624,738)	(132,453)
Loans and advances	(602,315)	(324,468)
Trade deposits and short term prepayments	(54,059) (23,406)	(3,608) 5,727
Other receivables	90,215	(12,153)
Sales tax refundable	31,399	125,026
	(1,187,211)	(345,491)
Increase / (decrease) in current liabilities		
Trade and other payables	1,264,222	778,076
Provisions	4,974	3,403
	1,269,196	781,479
Cash generated from operations	1,999,319	2,022,905
Mark-up paid	(3,857)	(498)
Income tax paid	(54,279)	(103,137)
Increase in long term loans and advances	(6)	404
Staff retirement benefits - contributions paid		(213)
Net cash generated from operating activities	1,941,177	1,919,461
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(343,790)	(152,239)
Proceeds from disposal of property, plant and equipment	70	-
Return received on savings accounts	61,976	22,889
Net cash used in investing activities	(281,744)	(129,350)
CASH FLOWS (USED IN) / FROM FINANCING ACTIVITIES		
Lease liability payments	(384)	(47,763)
Proceeds from long term financing	230,538	-
Dividend paid	(1,402,257)	(25,510)
Net cash (used in) / generated from financing activities	(1,172,103)	(73,273)
Net (decrease) / increase in cash and cash equivalents	487,330	1,716,838
Cash and cash equivalents at beginning of the period	3,297,755	929,895
Cash and cash equivalents at end of the period	9 3,785,085	2,646,733
The annexed notes 1 to 14 form an integral part of these condenses	d interim financial statements.	

Asima Haq

Amir Paracha

Chief Executive

Aly Yusuf

Director & Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

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 period ended March 31, 2022 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:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, Issued by the international "Accounting Standard 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, 2021. 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 financial statements.

1.3 Basis of Measurement

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

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.

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, 2021.

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT
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
annual audited financial statements for the year ended December 31, 2021.

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, 2021.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended December 31, 2021.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

4.	PROPERTY, PLANT AND EQUIPMENT	Note	Unaudited March 31, 2022	Audited December 31, 2021
			← (Rupees in	thousand)
	Operating assets - at net book value		3,393,468	3,380,073
	Capital work in progress - at cost		928,562	673,920
		•	4,322,030	4,053,993

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

	Additions (at cost) Unaudited		
	March 31, March		
	2022	2021	
	← (Rupees in thousand) —		
Building on freehold land	14,452	31,743	
Plant and machinery	72,613	49,701	
Electrical, mechanical and office equipment	1,638	5,119	
Furniture and fixtures	949	2,177	
	89,652	88,740	

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5.	PROVISIONS		Unaudited March 31,	Audited December 31,
		Note	2022	2021
		•	(Rupees in	thousand)
	Sindh Infrastructure Cess	5.1	79,259	74,428
	Restructuring		-	1,829
	Stamp Duty	5.1	50,239	48,267
		_	129,498	124,524

^{5.1} The change represents provision made during the period.

6. CONTINGENCY AND COMMITMENTS

6.1 Contingency

DD01/1010110

There were no contingencies as on March 31, 2022.

6.2 Commitments

The commitments for capital expenditure outstanding as at March 31, 2022 amounted to Rs. 1,826 million (December 31, 2021: Rs. 991 million).

		Unau	Unaudited		
		March 31,	March 31,		
7. SALES - net	2022	2021			
	← (Rupees in)	thousand)			

The Company analyses its net revenue by the following product groups:

Products used by end consumers	5,635,216	4,350,826
Products used by entities	917,079	689,368
	6,552,295	5,040,194

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

8. LONG TERM BORROWING

- 8.1 In 2020, the Company entered into a long term borrowing arrangement with a commercial bank for installation of solar panels under State Bank of Pakistan's Refinancing Scheme for Renewable Energy The total facility is available for twelve years ending in 2032 and amounted to Rs. 149 million out of which Rs. 89.8 million were utilized as at March 31, 2022 The loan carries mark-up at the rate of 3.65% per annum.
- 8.2 In 2021, the Company also entered into a long term borrowing arrangement under State Bank of Pakistan's temporary economic refinance facility amounting to Rs 900 Million. This loan carries a mark-up rate of 2.3% and is repayable in 32 quarterly instalments with a 2 year grace period commencing from first disbursement. The company has utilized Rs 341 million as at March 31, 2022.

•	CACH AND CACH FOUNDAL ENTO		Unaudited	Unaudited
9. CASH AND CASH	CASH AND CASH EQUIVALENTS		March 31,	March 31,
		Note	2022	2021
		•	(Rupees in t	thousand)
	Cash and bank balances		3,785,085	2,646,733
		_	3,785,085	2,646,733

10. RELATED PARTY TRANSACTIONS

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

Relationship with the company	Nature of transactions	Unaudited March 31, 2022	Unaudited March 31, 2021
	•	(Rupees in	thousand) ——
i) Holding company	Royalty	6,905	990
ii) Associated companies	Royalty and technology fee Purchase of goods & Property,	304,977	177,537
	Plant & Equipment	891,734	555,240
	Sale of goods Fee for receiving of services	9,773	22,444
	from related parties Fee for providing of services	287,681	189,247
	to related parties Contribution to:	21,952	13,514
	- Defined Contribution plan Settlement on behalf of:	3,273	4,001
	- Defined Contribution plan	5,030	9,897
iii) Key management	Salaries and other short-term		
personnel	employee benefits	14,746	6,320

11. 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 is not exposed to any price risk as it does not hold any investment exposed to price 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 as at 31 December 2021. There have been no changes in the risk management policies since the year end.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

	Carrying	g amount	Carrying a	mount
	Financial	Financial	Financial Assets	Financial
	Assets	Liabilities		Liabilities
		audited Audited		
	March 3	•	December 3 pees in thousand)	31, 2021
FINANCIAL ASSETS		(Ku	pees in thousand)	
Derivative financial asset-				
measured at fair value				
Forward foreign exchange contract	2,014	-	-	_
Other financial assets- not	•			
measured at fair value				
Loans	2,630	_	2,992	_
Trade debts	1,121,687	-	519,372	-
Long term deposits	2,980	-	2,980	-
Trade deposits	47,656	-	31,827	-
Other receivables	5,830	-	96,045	-
Cash and bank balances	3,785,085		3,297,755	
	4,967,883		3,950,971	
FINANCIAL LIABILITIES				
Derivative financial liability-				
measured at fair value				
Forward foreign exchange contract	-	-	-	146
Other financial liabilities- not				
measured at fair value				
Long term borrowing		331,969		168,619
Trade and other payables	-	6,063,839	-	4,963,227
Unpaid dividend	_	13,761	-	1,416,018
Unclaimed dividend	_	24,627	_	24,627
Accrued interest / mark up	_	3,610	_	1,876
Lease liability	_	20,979	_	20,958
Lease liability		6,458,785		6,595,471

12. INTERIM DIVIDEND

The Board of Directors in its meeting held on April 26, 2022 declared a first interim cash dividend for the year ending December 31, 2022 of 287 per share (first interim dividend for the year ended December 31, 2021: Rs. 228.00 per share) amounting to Rs. 1828.18 million (first interim dividend for the year ended December 31, 2021: Rs. 1452.35 million).

13. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and reclassified, wherever necessary for purpose of comparison and better presentation.

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 26, 2022 by the Board of Directors of the Company.

يونى ليوريا كستان فو ڈ زلم يٹٹر

ڈائر یکٹران کا جائزہ

ڈائر کیٹر ز اسمارچ ۲۰۲۲ کو ختم ہونے والے تین مہینوں کی مالی معلومات پیش کرنے پر خوش ہیں۔

مضبوط بنیادی اصولوں لیعنی اعلیٰ پر وڈ کٹ، بر انڈا یکویٹی، وسیع تر رسائی اور اشتہار اورپر وموثن پر موثر اخر اجات کی وجہ سے فروخت میں ۳۰ فیصد اضافہ ہوا۔خوردہ کاروبار اور ڈسلوشنز دفوں کے مضبوط نتائج کی وجہ سے ترقی کی بنیاد وسیع تھی۔ مجموعی مار جن ۵۹ءا فیصد کی کمی سے اء ۴۳ فیصد روگیا بمقابلہ فی حصص آمدنی پچھلے سال کی اسی مدت کے مقابلے میں ےء۲۵ فیصد بڑھی جو بنیادی طور پر فروخت میں اضافے کی وجہ سے تھی۔

اضافہ %	نْدە تىناەنتانگ 202 1	اسهارچ کو ختم ش 2022
	ز ار میں	•
30%	5,040,194	6,552,295
24%	1,525,988	1,897,664
26%	1,454,649	1,828,418
26%	228	287

مستقبل يرنظر

مسلسل دوہرے ہندسے کی افر اط زر اوربڑھتے ہوئے کرنٹ اکاؤنٹ خسارے کی وجہ سے پاکستان کی معاشی صور تحال بدستور غیر مستحکم ہے۔ مزیدیہ کہ ملک میں ہونے والی تازورین سیاسی پیش رفت نے غیر تقینی صور تحال کو مزید بڑھادیا ہے۔

تاہم، انتظامیہ اپنے برانڈز کی طافت اور ہماری عالمی اور مقامی مہارت کافائدہ اٹھاتے ہوئے چیلنجوں سے نمٹنے کے پرعزم ہے۔ ہم نئے پیک پرائس آر کینٹیکچر اور خرچ میں تنبدیلی کے ذریعے اپنے صار فین کو ویلیو چین کے اندر افادیت کو تقین ہنانے کے لیے اپنی کوششیں جاری رکھیں گے۔ ہمیں بقین ہے کہ ہم تمام اسٹیک ہولڈرزکو فائدہ پہنچاتے ہوئے مسابقتی، مستقل، ذمہ دار اور منافع بخش ترتی کی فراہمی جاری رکھیں گے۔

بورد کی جانب سے آپ سب کاشکریہ

کامر ان مر زا چئیر مین عامر پراچپه چیف ایگزیکیوٹیو آفیسر کراچی ۲۰۱۲ریل ۲۰۲۲

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