



# UNILEVER PAKISTAN FOODS LIMITED

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CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016



# UNILEVER PAKISTAN FOODS LIMITED

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Kamran Y. Mirza

Independent Director  
& Chairman of the Board  
Executive Director & Chief Executive  
Executive Director & CFO  
Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director

Ms. Shazia Syed

Mr. Ali Tariq

Ms. Farheen Salman Amir

Mr. Zulfikar Monnoo

Mian M. Adil Monnoo

Mr. Kamal Monnoo

Mr. Badaruddin F. Vellani

Mr. Noman Amjad Lutfi

### Company Secretary

Mr. Amar Naseer

### Audit Committee

Mr. Zulfikar Monnoo

Chairman & Member

Mian M. Adil Monnoo

Member

Mr. Badaruddin F. Vellani

Member

Mr. Kamran Y. Mirza

Member

Ms. Mehwish Iqbal

Secretary & Head of Internal Audit

### Human Resource & Remuneration Committee

Mr. Zulfikar Monnoo

Chairman & Member

Mr. Kamal Monnoo

Member

Ms. Shazia Syed

Member

Mr. Amar Naseer

Company Secretary

### 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

Share Registrar Department

**Central Depository Company of Pakistan 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 nine months ended Sept 30, 2016.

In the nine months to Sept 30, 2016, sales grew by 11.4% on the back of strong brand equity, successful innovations and increased investment in advertising and promotion, while Gross Margin improved by 90bps. Earnings per share (EPS) grew by 2.5%. In the discrete Quarter 3, sales grew by 15.9% and EPS by 57%.

Financial Highlights	Quarter ended Sep 30			Nine Months ended Sep 30		
	2016	2015	Inc %	2016	2015	Inc %
	Rs '000			Rs '000		
Net Sales	<b>2,246,972</b>	1,938,087	16%	<b>7,137,950</b>	6,408,766	11%
Profit before Taxation	<b>500,607</b>	304,929	64%	<b>1,285,407</b>	1,220,144	5%
Profit after Taxation	<b>363,342</b>	231,284	57%	<b>923,518</b>	901,040	2%
Earnings per Share (Rs.)	<b>59.01</b>	37.56	57%	<b>149.98</b>	146.33	2%

## Future Outlook

Despite a challenging operating environment and increasing competitive intensity, we are optimistic about the future outlook of business taking cognizance of the investments being made by the company. The company will continue to drive the agenda of improving consumer lives through relevant innovations and stronger brand equity.

On behalf of the Board

**Kamran Y. Mirza**  
Chairman  
Karachi  
October 21, 2016

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2016

	Note	Unaudited Sep 30, 2016 (Rupees in thousand)	Audited December 31, 2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	2,042,734	2,040,339
Intangible assets		81,637	81,637
Long term loans and advances		13,246	37,749
		<u>2,137,617</u>	<u>2,159,725</u>
<b>Current assets</b>			
Stores and spares		32,714	22,483
Stock in trade		959,804	959,276
Trade debts		299,390	209,064
Loans and advances		10,369	15,180
Trade deposits and short term prepayments		85,807	50,484
Other receivables		66,800	30,868
Taxation - net		367,700	376,961
Cash and bank balances		712,327	593,252
		<u>2,534,911</u>	<u>2,257,568</u>
<b>Total assets</b>		<u><b>4,672,528</b></u>	<u><b>4,417,293</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital		61,576	61,576
Reserves		1,389,246	1,617,018
		<u>1,450,822</u>	<u>1,678,594</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Staff retirement benefits		5,034	5,691
Deferred taxation		216,156	214,953
		<u>221,190</u>	<u>220,644</u>
<b>Current liabilities</b>			
Trade and other payables		2,875,524	2,348,513
Provision	5	34,384	37,935
Accrued interest / mark-up		874	1,119
Sales tax payable		89,734	48,812
Short term borrowings		-	81,676
		<u>3,000,516</u>	<u>2,518,055</u>
<b>Total liabilities</b>		<u><b>3,221,706</b></u>	<u><b>2,738,699</b></u>
<b>Contingencies and commitments</b>	6		
<b>Total equity and liabilities</b>		<u><b>4,672,528</b></u>	<u><b>4,417,293</b></u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

**Shazia Syed**  
Chief Executive

**Ali Tariq**  
Director &  
Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	Note	Quarter ended		Nine Months ended	
		September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
----- (Rupees in thousand) -----					
Sales		<b>2,246,972</b>	1,938,087	<b>7,137,950</b>	6,408,766
Cost of sales		<b>(1,177,839)</b>	(1,079,378)	<b>(3,911,549)</b>	(3,570,389)
Gross profit		<b>1,069,133</b>	858,709	<b>3,226,401</b>	2,838,377
Distribution cost		<b>(518,858)</b>	(512,961)	<b>(1,760,840)</b>	(1,433,153)
Administrative expenses		<b>(30,661)</b>	(31,978)	<b>(147,064)</b>	(131,702)
Other operating expenses		<b>(37,968)</b>	(22,136)	<b>(95,120)</b>	(92,744)
Other income	7	<b>28,351</b>	18,378	<b>85,064</b>	68,648
		<b>509,997</b>	310,012	<b>1,308,441</b>	1,249,426
Finance cost		<b>(9,390)</b>	(5,083)	<b>(23,034)</b>	(29,282)
<b>Profit before taxation</b>		<b>500,607</b>	304,929	<b>1,285,407</b>	1,220,144
Taxation					
- current		<b>(134,970)</b>	(51,469)	<b>(360,686)</b>	(270,061)
- deferred		<b>(2,295)</b>	(22,176)	<b>(1,203)</b>	(49,043)
		<b>(137,265)</b>	(73,645)	<b>(361,889)</b>	(319,104)
<b>Profit after taxation</b>		<b>363,342</b>	231,284	<b>923,518</b>	901,040
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>363,342</b>	231,284	<b>923,518</b>	901,040
----- (Rupees) -----					
Basic and diluted earnings per share		<b>59.01</b>	37.56	<b>149.98</b>	146.33

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

**Shazia Syed**  
Chief Executive

**Ali Tariq**  
Director &  
Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	Note	Sep 30, 2016	Sep 30, 2015
		(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,285,407	1,220,144
<b>Adjustment for:</b>			
Depreciation		117,446	73,678
Mark-up on short term borrowings		5,172	10,426
Provision for staff retirement benefits		3,582	1,455
Return on savings accounts		(16,560)	(8,262)
		<u>109,640</u>	<u>77,297</u>
		1,395,047	1,297,441
<b>Effect on cash flow due to working capital changes</b>			
Decrease / (increase) in current assets			
Stores and spares		(10,231)	5,107
Stock in trade		(528)	(36,293)
Trade debts		(90,326)	(153,522)
Loans and advances		4,811	(3,275)
Trade deposits and short term prepayments		(35,323)	1,096
Sales tax refundable		-	17,525
Other receivables		(35,932)	(5,026)
		<u>(167,529)</u>	<u>(174,388)</u>
Increase / (decrease) in current liabilities			
Trade and other payables		(33,148)	(158,718)
Provisions		(3,551)	1,932
Sales tax payable		40,922	-
		<u>4,223</u>	<u>(156,786)</u>
Cash generated from operations		1,231,741	966,267
Mark-up paid		(5,417)	(10,372)
Income tax paid		(351,425)	(390,057)
Decrease in long term loans		24,503	4,163
Staff retirement benefits - contribution		(4,239)	(1,961)
		<u>895,163</u>	<u>568,040</u>
Net cash from operating activities		895,163	568,040
<b>CASH USED IN INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(119,841)	(282,956)
Return received on savings accounts		16,560	8,263
Net cash used in investing activities		(103,281)	(274,693)
<b>CASH USED IN FINANCING ACTIVITY</b>			
Dividends paid		(591,131)	(125,891)
Net (decrease) in cash and cash equivalents		<u>200,751</u>	<u>167,456</u>
Cash and cash equivalents at beginning of the period		<u>511,576</u>	<u>108,074</u>
Cash and cash equivalents at end of the period	8	<u><u>712,327</u></u>	<u><u>275,530</u></u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

**Shazia Syed**  
Chief Executive

**Ali Tariq**  
Director &  
Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	SHARE	RESERVES				Sub Total	TOTAL
	CAPITAL	CAPITAL		REVENUE			
	Issued, subscribed and paid-up	Share premium	Special	General	Unappropriated profit		
----- (Rupees in thousand) -----							
Balance as at January 1, 2016	61,576	24,630	628	138	1,591,622	1,617,018	1,678,594
<i>Total comprehensive income for the period</i>							
Profit for the nine months ended September 30, 2016	-	-	-	-	923,518	923,518	923,518
Other comprehensive income for the nine months ended September 30, 2016	-	-	-	-	-	-	-
<i>Transactions with owners of the Company</i>							
Interim dividend for the year ending December 31, 2016 @ Rs 90.97 per share	-	-	-	-	(560,159)	(560,159)	(560,159)
Final dividend for the year ended December 31, 2015 @ Rs 96 per share	-	-	-	-	(591,131)	(591,131)	(591,131)
Balance as at September 30, 2016	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>1,363,850</u>	<u>1,389,246</u>	<u>1,450,822</u>
Balance as at January 1, 2015	61,576	24,630	628	138	696,426	721,822	783,398
<i>Total comprehensive income for the period</i>							
Profit for the nine months ended September 30, 2015	-	-	-	-	901,040	901,040	901,040
<i>Transactions with owners of the Company</i>							
Interim dividend for the year ending December 31, 2015 @ Rs 54 per share	-	-	-	-	(332,511)	(332,511)	(332,511)
Balance as at September 30, 2015	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>1,264,955</u>	<u>1,290,351</u>	<u>1,351,927</u>

The annexed notes 1 to 10 form an integral part of this condensed interim financial information.

**Shazia Syed**  
Chief Executive

**Ali Tariq**  
Director &  
Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016 (UNAUDITED)

### 1. BASIS OF PREPARATION

This condensed interim financial information of Unilever Pakistan Foods Limited ("the Company") for the nine months ended September 30, 2016 has been prepared in accordance with the requirements of the International Accounting Standard No. 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest thousands of Rupees.

During the current period, SECP notified additional disclosures vide its Circular 14 of 2016 relating to All Shares Islamic Index Screening (refer note 7 and 10).

### 2. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2015.

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

The preparation of this condensed interim financial information 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 and 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 this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended December 31, 2015.

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, 2015.

### 4. PROPERTY, PLANT AND EQUIPMENT

	<b>Unaudited September 30, 2016 (Rupees in thousand)</b>	<b>Audited December 31, 2015</b>
Operating assets - at net book value	1,914,238	1,946,209
Capital work in progress - at cost	128,496	94,130
	<u>2,042,734</u>	<u>2,040,339</u>

#### Additions (at cost)

	<b>Unaudited September 30, 2016 (Rupees in thousand)</b>	<b>Unaudited September 30, 2015</b>
4.1 Additions of operating assets during the period are as follows:		
Building on freehold land	13,361	173,832
Plant and machinery	72,034	564,387
Electrical, mechanical and office equipment	80	-
	<u>85,475</u>	<u>738,219</u>



5.	<b>PROVISIONS</b>	<i>Note</i>	<b>Unaudited September 30, 2016 (Rupees in thousand)</b>	Audited December 31, 2015
	Sindh Infrastructure Cess	5.1	<b>23,783</b>	19,394
	Restructuring		<b>10,601</b>	18,541
			<b><u>34,384</u></b>	<b><u>37,935</u></b>
5.1	The change represents provision made during the period.			
6.	<b>CONTINGENCIES AND COMMITMENTS</b>			
6.1	<b>Contingencies</b>			
	There has been no change in status of contingency as reported in the financial statements for the year ended December 31, 2015.			
6.2	<b>Commitments</b>			
	The commitments for capital expenditure outstanding as at September 30, 2016 amounted to Rs. 22.12 million (December 31, 2015: Rs. 27.35 million).			
7.	<b>OTHER INCOME</b>			
		<i>Note</i>	<b>Unaudited Sep 30, 2016 (Rupees in thousand)</b>	Unaudited Sep 30, 2015
	Return on saving accounts	7.1	<b>16,560</b>	8,262
	Scrap sales		<b>21,301</b>	21,341
	Service fees		<b>43,002</b>	39,045
	Others		<b>4,201</b>	-
			<b><u>85,064</u></b>	<b><u>68,648</u></b>
7.1	Profit on saving accounts are earned under mark-up arrangements with conventional banks.			
8.	<b>CASH AND CASH EQUIVALENTS</b>			
			<b>Unaudited September 30, 2016 (Rupees in thousand)</b>	Unaudited September 30, 2015
	Cash and bank balances		<b>712,327</b>	298,234
	Short term borrowings		<b>-</b>	(22,704)
			<b><u>712,327</u></b>	<b><u>275,530</u></b>

	<b>Unaudited</b>	<b>Unaudited</b>
	<b>September 30,</b>	<b>September 30,</b>
	<b>2016</b>	<b>2015</b>
	<b>(Rupees in thousand)</b>	

**9. RELATED PARTY TRANSACTIONS**

Related party transactions during the period are as follows:

<b>Relationship with the company</b>	<b>Nature of transactions</b>		
i) Holding company	Royalty	<b>121,180</b>	145,725
ii) Other related parties	Technology fee	<b>131,279</b>	139,158
	Purchase of goods	<b>1,144,770</b>	1,103,632
	Sale of goods	<b>115,050</b>	22,391
	Fee for receiving of services from related parties	<b>194,694</b>	185,368
	Fee for providing of services to related parties	<b>43,002</b>	42,608
	Contribution to:		
	- Defined Contribution plan	<b>15,294</b>	12,625
	- Defined Benefit plans	<b>3,513</b>	1,962
	Settlement on behalf of:		
	- Defined Contribution plan	<b>27,826</b>	30,719
	- Defined Benefit plans	<b>2,171</b>	1,930
iii) Key management personnel	Salaries and other short-term employee benefits	<b>5,388</b>	4,048

**10. ALL SHARES ISLAMIC INDEX SCREENING**

Loans, advances and deposits, other than balances with banks, do not carry any markup. The bank balances and borrowings include balances and borrowings amounting to Rs. 540.00 million and Rs. nil respectively with conventional banks under mark-up arrangements. Trade and other payables include vendor financing balances amounting to Rs. 121.49 million under markup arrangement.

**9. INTERIM DIVIDEND**

The Board of Directors in its meeting held on October 21, 2016 declared NIL dividend in respect of nine months ended September 30, 2016 (interim cash dividend for the nine months ended September 30, 2015: Rs. nil per share).

During the year, at its meeting held on August 22, 2016 the Board of Directors declared interim cash dividend in respect of half year ended June 30, 2016 of Rs. 90.97 per share amounting to Rs. 560.16 million (interim cash dividend for the half year ended June 30, 2015: Rs. 54.00 per share amounting to Rs. 332.51 million).

**10. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on October 21, 2016 by the Board of Directors of the Company.

**Shazia Syed**  
Chief Executive

**Ali Tariq**  
Director &  
Chief Financial Officer

## یونی لیور پاکستان فوڈز لمیٹڈ

### ڈائریکٹرز کی جائزہ رپورٹ

ڈائریکٹرز بخوشی، کمپنی کی نومہینہ رپورٹ اور مالیاتی گوشوارے برائے ۳۰ ستمبر، ۲۰۱۶ پیش کر رہے ہیں۔

نومہینوں کے دوران برانڈ کی مستحکم ساکھ، کامیاب جدت و اختیارات اور اشتہارات اور تروت و نشاطت میں زیادہ سرمایہ کاری کے پس منظر میں سیلز ۱۱ء۱۲ بڑھ گئی ہے، جبکہ مجموعی مارجن میں بھی ۰۹٪ اضافہ ہوا ہے۔ فی حصص آمدنی (EPS) میں بھی ۲۵٪ تک اضافہ ہوا۔ صرف تیسری سہ ماہی (Q3) میں سیلز ۱۵ء۹ بڑھی اور فی حصص آمدنی (EPS) میں ۵٪ اضافہ ہوا ہے۔

مالیاتی جھلکیاں		۳۰ ستمبر کو ختم شدہ سہ ماہی		۳۰ ستمبر کو ختم شدہ نومہینے	
	۲۰۱۶	۲۰۱۵	اضافہ %	۲۰۱۶	۲۰۱۵
					اضافہ %
					روپے ۰۰۰
خالص سیلز	۲,۲۴۶,۹۷۲	۱,۹۳۸,۰۸۷	۱۶%	۷,۱۳۷,۹۵۰	۶,۴۰۸,۷۶۶
منافع قبل از ٹیکس	۵۰۰,۶۰۷	۳۰۴,۹۲۹	۶۴%	۱,۲۸۵,۴۰۷	۱,۲۲۰,۱۴۴
منافع بعد از ٹیکس	۳۶۳,۳۴۲	۲۳۱,۲۸۴	۵۷%	۹۲۳,۵۱۸	۹۰۱,۰۴۰
آمدنی فی حصص (روپے)	۵۹۶.۰۱	۳۷۷.۵۶	۵۷%	۱۴۹۶.۹۸	۱۴۶۶.۳۳

### مستقبل پر نظر

کاروبار کے دشوار ماحول اور بڑھتے ہوئے مسابقت کے رجحان کے باعث کمپنی کی جانب سے کی گئی سرمایہ کاری کی آگاہی رکھتے ہوئے ہم مستقبل کے رجحانات سے پر امید ہیں۔ کمپنی جدت کو متعارف کرانے کے ساتھ اپنے برانڈ کی مضبوط ساکھ کے ذریعے اپنے صارفین کی روزمرہ زندگی میں بہتر سے بہتر کی جستجو کو مسلسل جاری رکھے گی۔

منجانب بورڈ

کامران مرزا  
چیئر مین

کراچی  
۱۲ اکتوبر، ۲۰۱۶



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F: +92 21 35681705  
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