



# UNILEVER PAKISTAN FOODS LIMITED

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CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED JUNE 30, 2017



# 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  
Non-Executive Director

Ms. Shazia Syed

Mr. Sohail Hanif Baig

Ms. Farheen Salman Amir

Mr. Zulfikar Monnoo

Mian M. Adil Monnoo

Mr. Kamal Monnoo

Mr. Badaruddin F. Vellani

Mr. Noman Amjad Lutfi

Mr. Ali Tariq

### 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 six months ended June 30, 2017.

Sales grew by 14 % on the back of strong brand equity, successful innovations and sustained investment in advertisement and promotion. Gross Margin improved by 1.1% to 45.2% due to better cost absorptions and efficiencies. Earnings per share (EPS) increased by 35.2% versus the same period last year.

Financial Highlights	Six Months ended June 30,		Increase %
	2017	2016	
	Rs '000		
Net Sales	5,573,339	4,890,978	14.0%
Profit before Taxation	1,076,670	784,800	37.2%
Profit after Taxation	757,519	560,176	35.2%
Earnings per Share (Rs.)	123.02	90.97	35.2%

## Future Outlook

Despite challenging economic and operating environment, the business has continued to deliver profitable growth. We aim to overcome the challenges that lie ahead with our access to global expertise, deeper consumer understanding, powerful innovations and world class customer service. Our focus and efforts will continue to offer better value to consumers.

## On behalf of the Board

**Kamran Y. Mirza**  
Chairman

Karachi  
August 24, 2017

# **UNILEVER PAKISTAN FOODS LIMITED**

## **Auditors' Report to the Members on Review of Interim Financial Information**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Unilever Pakistan Foods Limited ("the Company") as at 30 June 2017 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### **Other matters**

The figures of the condensed interim profit and loss account for the quarter ended 30 June 2017, have not been reviewed and we do not express a conclusion on them.

Date : 24 August 2017

**KPMG Taseer Hadi & Co.**

**Karachi**

**Chartered Accountants  
Mohammad Mahmood Hussain**

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2017

	Note	Unaudited June 30, 2017 (Rupees in thousand)	Audited December 31, 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	2,041,093	2,084,856
Intangible assets		81,637	81,637
Long term prepayment		-	2,605
Long term loans and advances		13,650	12,302
		<u>2,136,380</u>	<u>2,181,400</u>
<b>Current assets</b>			
Stores and spares		28,492	31,429
Stock in trade		818,450	958,171
Trade debts		570,726	301,929
Loans and advances		16,902	23,864
Trade deposits and short term prepayments		73,932	74,049
Other receivables		4,931	10,815
Taxation - net		169,217	341,659
Cash and bank balances		117,866	694,779
		<u>1,800,516</u>	<u>2,436,695</u>
<b>Total assets</b>		<u><u>3,936,896</u></u>	<u><u>4,618,095</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital		61,576	61,576
Reserves		789,043	1,743,342
		<u>850,619</u>	<u>1,804,918</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Staff retirement benefits		3,976	2,452
Deferred taxation		212,576	213,242
		<u>216,552</u>	<u>215,694</u>
<b>Current liabilities</b>			
Trade and other payables		2,776,912	2,424,678
Provisions	5	53,285	57,623
Accrued interest / mark-up		1,999	-
Sales tax payable		37,529	115,182
		<u>2,869,725</u>	<u>2,597,483</u>
<b>Total liabilities</b>		<u>3,086,277</u>	<u>2,813,177</u>
<b>Total equity and liabilities</b>		<u><u>3,936,896</u></u>	<u><u>4,618,095</u></u>
<b>Contingency and commitments</b>	6		

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

**Shazia Syed**  
Chief Executive

**Farheen Salman**  
Director

**Sohail Hanif Baig**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED JUNE 30, 2017 - UNAUDITED

Note	Quarter ended		Half year ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
----- (Rupees in thousand) -----				
Sales	2,804,317	2,524,244	5,573,339	4,890,978
Cost of sales	(1,561,775)	(1,403,971)	(3,056,294)	(2,733,710)
Gross profit	1,242,542	1,120,273	2,517,045	2,157,268
Distribution cost	(730,321)	(742,797)	(1,301,697)	(1,241,982)
Administrative expenses	(65,435)	(76,482)	(111,784)	(116,403)
Other operating expenses	(32,664)	(18,805)	(80,463)	(57,152)
Other income	38,644	31,491	68,193	56,713
	452,766	313,680	1,091,294	798,444
Finance cost	(12,817)	(6,497)	(14,624)	(13,644)
<b>Profit before taxation</b>	<b>439,949</b>	<b>307,183</b>	<b>1,076,670</b>	<b>784,800</b>
Taxation				
- current	(146,389)	(110,695)	(319,816)	(225,716)
- deferred	2,139	12,189	665	1,092
	(144,250)	(98,506)	(319,151)	(224,624)
<b>Profit after taxation</b>	<b>295,699</b>	<b>208,677</b>	<b>757,519</b>	<b>560,176</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>295,699</b>	<b>208,677</b>	<b>757,519</b>	<b>560,176</b>
----- (Rupees) -----				
Basic and diluted earnings per share	48.02	33.89	123.02	90.97

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

**Shazia Syed**  
Chief Executive

**Farheen Salman**  
Director

**Sohail Hanif Baig**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED JUNE 30, 2017 - UNAUDITED

	Note	June 30, 2017 (Rupees in thousand)	June 30, 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,076,670	784,800
<b>Adjustment for:</b>			
Depreciation		81,700	77,726
Mark-up on short term borrowings		6,574	3,293
Provision for staff retirement benefits		1,924	2,025
Return on savings accounts		(14,479)	(14,367)
		<u>75,719</u>	<u>68,677</u>
		1,152,389	853,477
<b>Effect on cash flow due to working capital changes</b>			
Decrease / (increase) in current assets			
Stores and spares		2,937	(8,175)
Stock in trade		139,721	63,709
Trade debts		(268,797)	(169,998)
Loans and advances		6,962	(4,033)
Trade deposits and short term prepayments		117	(32,318)
Other receivables		5,884	(38,478)
		<u>(113,176)</u>	<u>(189,293)</u>
Increase / (decrease) in current liabilities			
Trade and other payables		319,848	188,974
Provisions		(4,338)	(3,851)
Sales tax payable		(77,653)	(20,190)
		<u>237,857</u>	<u>164,933</u>
Cash generated from operations		1,277,070	829,117
Mark-up paid		(4,575)	(3,633)
Income tax paid		(147,374)	(255,483)
Increase in long term loans		(1,348)	24,793
Staff retirement benefits - contribution		(400)	(3,513)
Long term prepayment		2,605	-
		<u>1,125,978</u>	<u>591,281</u>
Net cash from operating activities			
<b>CASH USED IN INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(37,937)	(76,606)
Return received on savings accounts		14,479	14,367
Net cash used in investing activities		(23,458)	(62,239)
<b>CASH USED IN FINANCING ACTIVITY</b>			
Dividends paid		(1,679,433)	(591,131)
Net (decrease) in cash and cash equivalents		(576,913)	(62,089)
Cash and cash equivalents at beginning of the period		694,779	511,576
Cash and cash equivalents at end of the period	7	<u>117,866</u>	<u>449,487</u>

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

**Shazia Syed**  
Chief Executive

**Farheen Salman**  
Director

**Sohail Hanif Baig**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED JUNE 30, 2017 - UNAUDITED

	SHARE CAPITAL	CAPITAL		RESERVES		Sub Total	TOTAL
	Issued, subscribed and paid-up capital	Share premium	Special	General	Unappropriated profit		
	(Rupees in thousand)						
Balance as at January 1, 2017	61,576	24,630	628	138	1,717,946	1,743,342	1,804,918
Transactions with owners of the Company							
Final dividend for the year ended December 31, 2016 @ Rs 278 per share	-	-	-	-	(1,711,818)	(1,711,818)	(1,711,818)
<i>Total comprehensive income for the period</i>							
Profit for the half year ended June 30, 2017	-	-	-	-	757,519	757,519	757,519
Other comprehensive income for the half year ended June 30, 2017	-	-	-	-	-	-	-
Balance as at June 30, 2017	<b>61,576</b>	<b>24,630</b>	<b>628</b>	<b>138</b>	<b>763,647</b>	<b>789,043</b>	<b>850,619</b>
Balance as at January 1, 2016	61,576	24,630	628	138	1,591,622	1,617,018	1,678,594
Transactions with owners of the Company							
Final dividend for the year ended December 31, 2015 @ Rs 96 per share	-	-	-	-	(591,131)	(591,131)	(591,131)
<i>Total comprehensive income for the period</i>							
Profit for the half year ended June 30, 2016	-	-	-	-	560,176	560,176	560,176
Other comprehensive income for the half year ended June 30, 2016	-	-	-	-	-	-	-
Balance as at June 30, 2016	<b>61,576</b>	<b>24,630</b>	<b>628</b>	<b>138</b>	<b>1,560,667</b>	<b>1,586,063</b>	<b>1,647,639</b>

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

**Shazia Syed**  
Chief Executive

**Farheen Salman**  
Director

**Sohail Hanif Baig**  
Director & Chief Financial Officer



# UNILEVER PAKISTAN FOODS LIMITED

## SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED JUNE 30, 2017 - UNAUDITED

### 1. BASIS OF PREPARATION

This condensed interim financial information of Unilever Pakistan Foods Limited ("the Company") for the half year ended June 30, 2017 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 Companies Act, 2017 was enacted on May 30, 2017 and SECP vide its circular 17 of 2017 has clarified that the companies whose financial year including interim period closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, this financial information is prepared in accordance with the provision of repealed Companies Ordinance, 1984.

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.

### 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, 2016.

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

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, 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, 2016.

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, 2016.

### 4. PROPERTY, PLANT AND EQUIPMENT

	<b>Unaudited June 30, 2017 (Rupees in thousand)</b>	<b>Audited December 31, 2016</b>
Operating assets - at net book value	<b>1,905,289</b>	1,952,320
Capital work in progress - at cost	<b>135,804</b>	132,536
	<b><u>2,041,093</u></b>	<b><u>2,084,856</u></b>

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

	<i>Note</i>	<b>Additions (at cost)</b>	
		<b>June 30, 2017</b>	<b>June 30, 2016</b>
		<b>(Rupees in thousand)</b>	
Building on freehold land		<b>6,295</b>	13,361
Plant and machinery		<b>25,017</b>	72,034
Electrical, mechanical and office equipment		<b>3,357</b>	80
		<b>34,669</b>	<b>85,475</b>

**5. PROVISIONS**

		<b>Unaudited June 30, 2017</b>	<b>Audited December 31, 2016</b>
		<b>(Rupees in thousand)</b>	
Sindh Infrastructure Cess	5.1	<b>28,388</b>	25,417
Restructuring		<b>24,897</b>	32,206
		<b>53,285</b>	<b>57,623</b>

5.1 The change represents provision made during the period.

**6. CONTINGENCY AND COMMITMENTS**

6.1 Contingency

There was no contingency as of 30 June 2017.

6.2 Commitments

The commitments for capital expenditure outstanding as at June 30, 2017 amounted to Rs. 32.34 million (December 31, 2016: Rs. 34.81 million).

**7. CASH AND CASH EQUIVALENTS**

		<b>Unaudited June 30, 2017</b>	<b>Unaudited June 30, 2016</b>
		<b>(Rupees in thousand)</b>	
Cash and bank balances		<b>117,866</b>	506,090
Short term borrowings		<b>-</b>	(56,603)
		<b>117,866</b>	<b>449,487</b>

## 8. RELATED PARTY TRANSACTIONS

Related party transactions during the period are as follows:

Relationship with the company	Nature of transactions	Unaudited June 30, 2017  (Rupees in thousand)	Unaudited June 30, 2016
i) Holding company	Royalty	98,171	87,637
ii) Other related parties	Technology fee	103,155	86,101
	Purchase of goods	850,872	808,660
	Sale of goods	120,640	60,003
	Fee for receiving services from related parties	153,950	142,818
	Fee for providing services to related parties	30,238	28,051
	Contribution to:		
	- Defined Contribution plan	9,206	8,529
	- Defined Benefit plans	5,420	3,513
	Settlement/ (receipt) on behalf of:		
	- Defined Contribution plan	8,680	24,913
	- Defined Benefit plans	-	1,447
iii) Key management personnel	Salaries and other short-term employee benefits	7,803	3,606

## 9. INTERIM DIVIDEND

The Board of Directors in its meeting held on August 24, 2017 declared an interim cash dividend of Rs. 122.00 per share (December 31, 2016: Rs 90.97 per share) for the year ending December 31, 2017, amounting to Rs. 751.23 million (December 31, 2016: Rs 560.16 million).

This condensed interim financial information does not reflect the interim dividend as payable, which will be accounted for in the statement of changes in equity as an appropriation from the unappropriated profit in the nine months ending September 30, 2017.

## 10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on August 24, 2017 by the Board of Directors of the Company.

**Shazia Syed**  
Chief Executive

**Farheen Salman**  
Director

**Sohail Hanif Baig**  
Director & Chief Financial Officer

# یونی لیور پاکستان فوڈز لمیٹڈ

## کاروباری جائزہ

ڈائریکٹرز کمپنی کی ششماہی رپورٹ اور مالیاتی گوشوارے برائے ۳۰ جون ۲۰۱۷ء پیش کر رہے ہیں۔

سیل میں 14.0% اضافہ ہوا جس کی وجوہات میں برانڈ کی مضبوط ساکھ، کامیاب جدت و اختراعات اور اشتہارات و پروموشنز میں مستقل سرمایہ کاری شامل ہیں۔ مجموعی منافع میں 1.11% کی بہتری آئی جو کہ اب 45.2% ہو گیا ہے۔ اس کی وجوہات قیمتوں پر بہتر توجہ اور بہترین کارکردگی ہیں۔ فی حصص آمدنی میں گزشتہ سال اسی دورانیے کی نسبت 35.2% اضافہ دیکھنے میں آیا۔

## مالیاتی کارکردگی کا خلاصہ

۳۰ جون کو ختم شدہ مالی نتائج			۳۰ جون کو ختم شدہ ششماہی نتائج			
بشمول %	2016	2017	بشمول %	2016	2017	
	روپے '000			روپے '000		
11.1%	2,524,244	2,804,317	14%	4,890,978	5,573,339	فروخت
43.2%	307,183	439,949	37.2%	784,800	1,076,670	ٹیکس سے قبل منافع
41.7%	208,677	295,698	35.2%	560,176	757,519	ٹیکس کے بعد منافع
41.7%	33.89	48.02	35.2%	90.97	123.02	فی حصص آمدنی (روپے)

## مستقبل پر نظر

مشکل اقتصادی حالات اور برہمتی ہوئی مسابقتی فضا کے باوجود کاروبار نے منافع بخش کارکردگی پیش کی ہے۔ ہم صارف کی بہتر سمجھ، عالمی تجربہ اور ریسرچ اینڈ ڈیولپمنٹ کی صلاحیت، جدت اور عالمی سطح کی کسٹمر سروس سے آنے والی مشکلات سے نبرد آزما ہوں گے۔ ہماری کمپنی صارفین کی زندگیوں کو اپنی نئی مصنوعات سے بہتر بنانے اور برانڈ کی مضبوط ساکھ کے ایجنڈے کو جاری و ساری رکھے گی۔

منجانب بورڈ

کامران مرزا  
چیئر مین

24 اگست 2017  
کراچی



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**F: +92 21 35681705**  
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