



UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED MARCH 31, 2017



UNILEVER PAKISTAN FOODS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Kamran Y. Mirza

Independent Director

& Chairman of the Board

Ms. Shazia Syed

Executive Director & Chief Executive

Mr. Sohail Hanif Baig

Executive Director & CFO

Ms. Farheen Salman Amir

Executive Director

Mr. Zulfikar Monnoo

Non-Executive Director

Mian M. Adil Monnoo

Non-Executive Director

Mr. Kamal Monnoo

Non-Executive Director

Mr. Badaruddin F. Vellani

Non-Executive Director

Mr. Noman Amjad Lutfi

Non-Executive Director

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

UNILEVER PAKISTAN FOODS LIMITED

Directors' Review

The directors are pleased to present the financial information for the three months ended March 31, 2017.

Sales grew by 17.0% on the back of strong brand equity, successful innovations and sustained investment in advertisement and promotion. Gross Margin improved by 221 bps to 46.0% due to better cost absorptions and efficiencies. Earnings per share (EPS) increased by 31.4% versus the same period last year.

Financial Highlights	Three Months - ended March 31, -		Increase % -
	2017	2016 -	
	Rs '000 -		
Net Sales	2,769,022	2,366,734	17.0%
Profit before Taxation	636,722	477,617	33.3%
Profit after Taxation	461,822	351,499	31.4%
Earnings per Share (Rs.)	75.00	57.08	31.4%

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, superior consumer understanding, powerful innovations and world class customer service. We are confident that our dedicated and focused efforts will allow us to provide better value to meet consumers' everyday needs and deliver sustained profitable growth.

On behalf of the Board

Kamran Y. Mirza
Chairman

Karachi
April 18, 2017

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2017

	Note	Unaudited March 31, 2017 (Rupees in thousand)	Audited December 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,062,499	2,084,856
Intangible assets		81,637	81,637
Long term prepayment		-	2,605
Long term loans and advances		10,520	12,302
		<u>2,154,656</u>	<u>2,181,400</u>
Current assets			
Stores and spares		31,098	31,429
Stock in trade		959,497	958,171
Trade debts		358,182	301,929
Loans and advances		30,487	23,864
Trade deposits and short term prepayments		92,851	74,049
Other receivables		9,909	10,815
Taxation - payments less provision		195,971	341,659
Cash and bank balances		1,333,151	694,779
		<u>3,011,146</u>	<u>2,436,695</u>
Total assets		<u>5,165,802</u>	<u>4,618,095</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		61,576	61,576
Reserves		2,205,164	1,743,342
		<u>2,266,740</u>	<u>1,804,918</u>
LIABILITIES			
Non-current liabilities			
Retirement benefits - obligation		3,213	2,452
Deferred taxation		214,715	213,242
		<u>217,928</u>	<u>215,694</u>
Current liabilities			
Trade and other payables		2,510,515	2,424,678
Provision	5	37,477	57,623
Accrued interest / mark-up		473	-
Sales tax payable		132,669	115,182
Short term borrowings		-	-
		<u>2,681,134</u>	<u>2,597,483</u>
Total liabilities		<u>2,899,062</u>	<u>2,813,177</u>
Contingencies and commitments	6		
Total equity and liabilities		<u>5,165,802</u>	<u>4,618,095</u>

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

Shazia Syed
Chief Executive

Sohail Hanif Baig
Director

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED MARCH 31, 2017 (UNAUDITED)

	March 31, 2017	March 31, 2016
	(Rupees in thousand)	
Sales	2,769,022	2,366,734
Cost of sales	(1,494,519)	(1,329,739)
Gross profit	1,274,503	1,036,995
Distribution cost	(571,375)	(499,185)
Administrative expenses	(46,349)	(39,921)
Other operating expenses	(47,799)	(38,347)
Other income	29,549	25,222
	638,529	484,764
Finance cost	(1,807)	(7,147)
Profit before taxation	636,722	477,617
Taxation		
- current	(173,427)	(115,021)
- deferred	(1,473)	(11,097)
	(174,900)	(126,118)
Profit after taxation	461,822	351,499
Other comprehensive income	-	-
Total comprehensive income	461,822	351,499
Basic and diluted earnings per share (Rupees)	75.00	57.08

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

Shazia Syed
Chief Executive

Sohail Hanif Baig
Director

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE QUARTER ENDED MARCH 31, 2017 (UNAUDITED)

	<i>Note</i>	March 31, 2017	March 31, 2016
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		636,722	477,617
Adjustment for:			
Depreciation		40,917	38,053
Mark-up on short term borrowings		1,452	2,964
Provision for staff retirement benefits		962	827
Return on savings accounts		(6,546)	(5,788)
		36,785	36,056
		673,507	513,673
Effect on cash flow due to working capital changes			
Decrease / (increase) in current assets			
Stores and spares		331	(112)
Stock in trade		(1,326)	45,247
Trade debts		(56,253)	(136,286)
Loans and advances		(6,623)	285
Trade deposits and short term prepayments		(18,802)	(4,659)
Other receivables		906	(28,321)
		(81,767)	(123,846)
Increase / (decrease) in current liabilities			
Trade and other payables		85,837	65,151
Provisions		(20,146)	(4,975)
Sales tax payable		17,487	66,133
		83,178	126,309
Cash generated from operations		674,918	516,136
Mark-up paid		(979)	(3,310)
Income tax paid		(27,739)	(21,160)
Long term loans and advances		1,782	13,433
Staff retirement benefits - contributions paid		(201)	-
Long term prepayment		2,605	-
		650,386	505,099
Net cash from operating activities		650,386	505,099
CASH USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(18,560)	(19,310)
Return received on savings accounts		6,546	5,788
Net cash used in investing activities		(12,014)	(13,522)
CASH USED IN FINANCING ACTIVITY			
Dividends paid		-	-
Net increase in cash and cash equivalents		638,372	491,577
Cash and cash equivalents at beginning of the period		694,779	511,576
Cash and cash equivalents at end of the period	7	1,333,151	1,003,153

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

Shazia Syed
Chief Executive

Sohail Hanif Baig
Director

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED MARCH 31, 2017 (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, 2017	61,576	24,630	628	138	1,717,946	1,743,342	1,804,918
<i>Total comprehensive income for the period</i>							
Profit for the quarter ended March 31, 2017	-	-	-	-	461,822	461,822	461,822
Other comprehensive income for the quarter ended March 31, 2017	-	-	-	-	-	-	-
Balance as at March 31, 2017	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>2,179,768</u>	<u>2,205,164</u>	<u>2,266,740</u>
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 quarter ended March 31, 2016	-	-	-	-	351,499	351,499	351,499
<i>Transactions with owners of the Company</i>							
Final dividend for the year ending December 31, 2015 @ Rs 96 per share	-	-	-	-	(591,131)	(591,131)	(591,131)
Balance as at March 31, 2016	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>1,351,990</u>	<u>1,377,386</u>	<u>1,438,962</u>

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

Shazia Syed
Chief Executive

Sohail Hanif Baig
Director

UNILEVER PAKISTAN FOODS LIMITED

SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED MARCH 31, 2017 (UNAUDITED)

1. BASIS OF PREPARATION

This condensed interim financial information of Unilever Pakistan Foods Limited ("the Company") for the three months ended March 31, 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 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 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, 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

	Unaudited March 31, 2017	Audited December 31, 2016
	(Rupees in thousand)	
Operating assets - at net book value	1,911,405	1,952,320
Capital work in progress - at cost	151,094	132,536
	<u>2,062,499</u>	<u>2,084,856</u>

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

	Additions (at cost)	
	Unaudited March 31, 2017	Unaudited March 31, 2016
	(Rupees in thousand)	
Building	-	11,074
Plant and machinery	-	63,541
Electrical, mechanical and office equipment	-	80
	<u>-</u>	<u>74,695</u>

5. **PROVISIONS**

		Unaudited March 31, 2017	Audited December 31, 2016
		(Rupees in thousand)	
Sindh Infrastructure Cess Restructuring	5.1	26,876	25,417
		10,601	32,206
		<u>37,477</u>	<u>57,623</u>

5.1 The change represents provision made during the period.

6. **CONTINGENCIES AND COMMITMENTS**

6.1 **Contingencies**

There has been no change in status of contingency reported in the financial statements for the year ended December 31, 2016.

6.2 **Commitments**

The commitments for capital expenditure outstanding as at March 31, 2017 amounted to Rs. 56.47 million (December 31, 2016: Rs. 34.81 million).

7. **CASH AND CASH EQUIVALENTS**

	Unaudited Mar 31, 2017	Unaudited Mar 31, 2016
	(Rupees in thousand)	
Cash and bank balances	1,333,151	1,016,761
Short term borrowings	-	(13,608)
	<u>1,333,151</u>	<u>1,003,153</u>

8. RELATED PARTY TRANSACTIONS

Related party transactions during the period are as follows:

Relationship with the company	Nature of transactions	Mar 31, 2017 (Rupees in thousand)	Mar 31, 2016
i) Holding company	Royalty	48,817	42,084
ii) Other related parties	Technology fee	53,738	44,104
	Purchase of goods	430,246	448,016
	Sale of goods	71,026	50,289
	Fee for receiving services from related parties	69,064	58,020
	Fee for providing services to related parties	15,827	12,996
	Contribution to:		
	- Defined Contribution plan	4,543	3,246
	- Defined Benefit plans	3,291	3,513
	Settlement on behalf of:		
	- Defined Contribution plan	720	20,826
	- Defined Benefit plans	-	724
iii) Key management personnel	Salaries and other short-term employee benefits	4,100	1,633

9. DIVIDEND

At the Board of Directors' meeting held on March 8, 2017, a final dividend of Rs. 278 per share amounting to Rs. 1,711.82 million in respect of the year ended December 31, 2016 (2015: Rs. 96 per share amounting to Rs. 591.13 million) was proposed, subject to approval in the Annual General Meeting.

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 18, 2017 by the Board of Directors of the Company.

یونی لیور پاکستان فوڈز لمیٹڈ

کاروباری جائزہ

ڈائریکٹرز کمپنی کی سہ ماہی رپورٹ اور مالیاتی گوشوارے برائے ۳۱ مارچ ۲۰۱۷ء پیش کر رہے ہیں۔

سپل میں 17.0% 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 2.21% کی بہتری آئی جو کہ اب 46.0% ہو گیا ہے۔ اس کی وجوہات قیمتوں پر بہتر توجہ اور بہترین کارکردگی ہیں۔ فی حصص آمدنی میں گذشتہ سال اسی دورے کی نسبت 31.4% اضافہ دیکھنے میں آیا۔

مالیاتی کارکردگی کا خلاصہ

اضافہ %	سہ ماہی اختتام	
	2016	2017
	روپے '000	
17.0%	2,366,734	2,769,022
33.3%	477,617	636,722
31.4%	351,499	461,822
31.4%	57.08	75.00

فروخت
ٹیکس سے قبل منافع
ٹیکس کے بعد منافع
فی حصص آمدنی (روپے)

مستقبل پر نظر

مشکل اقتصادی حالات اور بڑھتی 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
چیرمین

18 اپریل 2017
کراچی

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