



Unilever

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED MARCH 31, 2018



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 & Chief Financial Officer

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. 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

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. Kamran Y. Mirza

Chairman & Member

Mr. Zulfikar Monnoo

Member

Mr. Kamal Monnoo

Member

Ms. Shazia Syed

Member

Mr. Aman Ghanchi

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, 2018.

Sales grew by 16.6% on the back of strong brand equity, successful innovations and sustained investment in advertisement and promotion. Gross Margin improved by 1.5% to 47.6% due to better cost absorptions and efficiencies. Earnings per share (EPS) increased by 25.9% versus the same period last year.

Financial Highlights	Three Months ended March 31,		Increase %
	2018	2017	
	Rs '000		
Net Sales	3,227,606	2,769,022	16.60%
Profit before Taxation	768,497	636,722	20.70%
Profit after Taxation	581,330	461,822	25.90%
Earnings per Share (Rs.)	94.41	75	25.90%

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

Shazia Syed
Chief Executive Officer

Kamran Y. Mirza
Chairman

Karachi
April 27, 2018

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2018

		Unaudited March 31, 2018	Audited December 31, 2017
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,927,047	1,992,974
Intangible assets		81,637	81,637
Long term loans and advances		6,689	13,205
		<u>2,015,373</u>	<u>2,087,816</u>
Current assets			
Stores and spares		40,608	35,446
Stock in trade		937,407	1,007,742
Trade debts		601,330	438,767
Loans and advances		12,320	12,184
Trade deposits and short term prepayments		79,178	84,566
Other receivables		16,859	19,346
Taxation - net		4,536	47,523
Cash and bank balances		416,128	347,558
		<u>2,108,366</u>	<u>1,993,132</u>
Total assets		<u><u>4,123,739</u></u>	<u><u>4,080,948</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		61,576	61,576
Reserves		701,224	119,894
		<u>762,800</u>	<u>181,470</u>
LIABILITIES			
Non-current liabilities			
Staff retirement benefits		10,466	9,345
Deferred taxation		192,697	203,785
		<u>203,163</u>	<u>213,130</u>
Current liabilities			
Trade and other payables		2,610,673	3,018,467
Provisions	5	34,349	60,659
Accrued interest / mark-up		7,491	2,288
Sales tax payable		74,906	21,193
Short term borrowings		430,357	583,741
		<u>3,157,776</u>	<u>3,686,348</u>
Total liabilities		<u>3,360,939</u>	<u>3,899,478</u>
Total equity and liabilities		<u><u>4,123,739</u></u>	<u><u>4,080,948</u></u>
Contingencies and commitments	6		

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

Shazia Syed
Chief Executive

Farheen Salman Amir
Director

Sohail Hanif Baig
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE THREE MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
Sales	3,227,606	2,769,022
Cost of sales	(1,692,742)	(1,494,519)
Gross profit	1,534,864	1,274,503
Distribution cost	(624,662)	(571,375)
Administrative expenses	(98,312)	(46,349)
Other operating expenses	(69,908)	(47,799)
Other income	42,916	29,549
	784,898	638,529
Finance cost	(16,401)	(1,807)
Profit before taxation	768,497	636,722
Taxation		
- current	(199,063)	(173,427)
- deferred	11,896	(1,473)
	(187,167)	(174,900)
Profit after taxation	581,330	461,822
Other comprehensive income	-	-
Total comprehensive income	581,330	461,822
Basic and diluted earnings per share (Rupees)	94.41	75.00

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

Shazia Syed
Chief Executive

Farheen Salman Amir
Director

Sohail Hanif Baig
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE THREE MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

Note	March 31, 2018	March 31, 2017
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	768,497	636,722
Adjustment for non-cash charges and other items		
Depreciation	42,071	40,917
Loss on disposal of property, plant and equipment	14,335	-
Mark-up on short term borrowings	13,157	1,452
Provision for staff retirement benefits	1,338	962
Return on savings accounts	(842)	(6,546)
	<u>70,059</u>	<u>36,785</u>
	838,556	673,507
Effect on cash flow due to working capital changes		
Decrease / (increase) in current assets		
Stores and spares	(5,162)	331
Stock in trade	70,335	(1,326)
Trade debts	(162,563)	(56,253)
Loans and advances	(136)	(6,623)
Trade deposits and short term prepayments	5,388	(18,802)
Other receivables	2,487	906
	<u>(89,651)</u>	<u>(81,767)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	(174,836)	85,837
Provisions	(26,310)	(20,146)
Sales tax payable	53,713	17,487
	<u>(147,433)</u>	<u>83,178</u>
Cash generated from operations	601,472	674,918
Mark-up paid	(7,954)	(979)
Income tax paid	(156,076)	(27,739)
Long term loans and advances	6,516	1,782
Staff retirement benefits - contributions paid	(217)	(201)
Long term prepayment	-	2,605
Net cash from operating activities	<u>443,741</u>	<u>650,386</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(18,560)
Proceeds from disposal of property, plant and equipment	10,329	-
Return received on savings accounts	842	6,546
Net cash used in investing activities	<u>11,171</u>	<u>(12,014)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(232,958)	-
Net increase in cash and cash equivalents	<u>221,954</u>	<u>638,372</u>
Cash and cash equivalents at beginning of the period	<u>(236,183)</u>	<u>694,779</u>
Cash and cash equivalents at end of the period	<u>7</u> <u>(14,229)</u>	<u>1,333,151</u>

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

Shazia Syed
Chief Executive

Farheen Salman Amir
Director

Sohail Hanif Baig
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

	SHARE	RESERVES				Sub Total	TOTAL
	CAPITAL	CAPITAL		REVENUE			
	Issued, subscribed and paid- up capital	Share premium	Special	General	Unappropriated profit		
	----- (Rupees in thousand) -----						
Balance as at January 1, 2018	61,576	24,630	628	138	94,498	119,894	181,470
<i>Total comprehensive income for the period</i>							
Profit for the quarter ended March 31, 2018	-	-	-	-	581,330	581,330	581,330
Other comprehensive income for the quarter ended March 31, 2018	-	-	-	-	-	-	-
Balance as at March 31, 2018	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>675,828</u>	<u>701,224</u>	<u>762,800</u>
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 three months 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>

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

Shazia Syed
Chief Executive

Farheen Salman Amir
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 THREE MONTHS ENDED MARCH 31, 2018 (UNAUDITED)

1. BASIS OF PREPARATION

This condensed interim financial information of Unilever Pakistan Foods Limited ("the Company") for the three months ended March 31, 2018 has 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:

i) International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

ii) 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.

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, 2017.

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 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, 2017.

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, 2017.

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited March 31, 2018	Audited December 31, 2017
	(Rupees in thousand)	
Operating assets - at net book value	1,889,632	1,904,964
Capital work in progress - at cost	37,415	88,010
	<u>1,927,047</u>	<u>1,992,974</u>

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

	Additions (at cost)	
	Unaudited March 31, 2018	Audited December 31, 2017
Note	(Rupees in thousand)	
Building on freehold land	-	49,969
Plant and machinery	32,717	85,682
Electrical, mechanical and office equipment	8,357	3,410
Furniture and fixtures	-	167
Motor vehicles	-	-
	<u>41,074</u>	<u>139,228</u>

5. **PROVISIONS**

		Unaudited March 31, 2018	Audited December 31, 2017
		(Rupees in thousand)	
Sindh Infrastructure Cess	5.1	34,349	32,293
Restructuring		-	28,366
		<u>34,349</u>	<u>60,659</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, 2017.

6.2 **Commitments**

The commitments for capital expenditure outstanding as at March 31, 2018 amounted to Rs. 520.84 million (December 31, 2017: Rs. 35.6 million).

7. **CASH AND CASH EQUIVALENTS**

	Unaudited March 31, 2018	Audited December 31, 2017
	(Rupees in thousand)	
Cash and bank balances	416,128	347,558
Short term borrowings	(430,357)	(583,741)
	<u>(14,229)</u>	<u>(236,183)</u>

8. RELATED PARTY TRANSACTIONS

Related party transactions during the period are as follows:

Relationship with the company	Nature of transactions	March 31, 2018	March 31, 2017
(Rupees in thousand)			
i) Holding company	Royalty	60,248	48,817
ii) Other related parties	Technology fee	65,906	53,738
	Purchase of goods	453,731	430,246
	Sale of goods	11,725	71,026
	Fee for receiving of services from related parties	165,694	69,064
	Fee for providing of services to related parties	27,286	15,827
	Contribution to:		
	- Defined Contribution plan	4,894	4,543
	- Defined Benefit plans	-	3,291
	Settlement on behalf of:		
	- Defined Contribution plan	16,529	720
	- Defined Benefit plans	-	-
iii) Key management personnel	Salaries and other short-term employee benefits	7,735	4,100

9. DIVIDEND

The Board of Directors in its meeting held on April 27, 2018 declared an interim cash dividend of Rs. 105 per share (December 31, 2017: Rs 205 per share) for the year ending December 31, 2018 amounting to Rs. 646.55 million (December 31, 2017: Rs 1,262 million).

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 27, 2018 by the Board of Directors of the Company.

Shazia Syed
Chief Executive

Farheen Salman Amir
Director

Sohail Hanif Baig
Director & Chief Financial Officer

یونی لیور پاکستان فوڈز لمیٹڈ

کاروباری جائزہ

ڈائریکٹرز کمپنی کی سہ ماہی رپورٹ اور مالیاتی گوشوارے برائے ۲۰۱۸ء پیش کر رہے ہیں۔

سپل میں 16.6% 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 1.5% کی بہتری آئی جو کہ اب 47.6% ہو گیا ہے۔ اس کی وجوہات قیمتوں پر بہتر توجہ اور بہترین کارکردگی ہیں۔ فی حصص آمدنی میں گذشتہ سال اسی دورانیے کی نسبت 25.9% اضافہ دیکھنے میں آیا۔

مالیاتی کارکردگی کا خلاصہ

اضافہ %	سہ ماہی اختتام	
	2017	2018
	روپے	
16.6%	2,769,022	3,227,606
20.7%	636,722	768,497
25.9%	461,822	581,330
25.9%	75	94.41

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 عزم کو جاری و ساری رکھے گی۔

منجانب بورڈ

کامران مرزا
چیئرمین

شازیہ سید
چیف ایگزیکٹو آفیسر

27 اپریل 2018
کراچی

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