



UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED SEPTEMBER 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

Mian M. Adil Monnoo

Mr. Badaruddin F. Vellani

Mr. Kamran Y. Mirza

Ms. Mehwish Iqbal

Chairman & Member
Member
Member
Member
Secretary & Head of Internal Audit

Human Resource & Remuneration Committee

Mr. Zulfikar Monnoo

Mr. Kamal Monnoo

Ms. Shazia Syed

Mr. Amar Naseer

Chairman & Member
Member
Member
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 nine months ended September 30, 2017.

Sales grew by 13.8% on the back of strong brand equity, successful innovations and sustained investment in advertisement and promotion. Gross Margin improved by 1.2% to 46.4% due to better cost absorptions and efficiencies. Earnings per share (EPS) increased by 15.5% versus the same period last year.

Financial Highlights	Nine Months ended September 30,		Increase %
	2017	2016	
	Rs '000		
Net Sales	8,123,585	7,137,950	13.8%
Profit before Taxation	1,506,013	1,285,407	17.2%
Profit after Taxation	1,067,037	923,518	15.5%
Earnings per Share (Rs.)	173.29	149.98	15.5%

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, better consumer understanding, continuous investment in product lines, 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
October 23, 2017

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2017

	Note	Unaudited September 30, 2017 (Rupees in thousand)	Audited December 31, 2016
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,026,091	2,084,856
Intangible assets		81,637	81,637
Long term prepayment		-	2,605
Long term loans and advances		14,240	12,302
		<u>2,121,968</u>	<u>2,181,400</u>
Current assets			
Stores and spares		23,350	31,429
Stock in trade		801,881	958,171
Trade debts		426,718	301,929
Loans and advances		16,625	23,864
Trade deposits and short term prepayments		96,720	74,049
Other receivables		18,564	10,815
Taxation - payments less provision		95,427	341,659
Cash and bank balances		531,798	694,779
		<u>2,011,083</u>	<u>2,436,695</u>
Total assets		<u>4,133,051</u>	<u>4,618,095</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		61,576	61,576
Reserves		347,332	1,743,342
		<u>408,908</u>	<u>1,804,918</u>
LIABILITIES			
Non-current liabilities			
Retirement benefits - obligation		4,738	2,452
Deferred taxation		211,571	213,242
		<u>216,309</u>	<u>215,694</u>
Current liabilities			
Trade and other payables		3,423,504	2,424,678
Provision	5	51,500	57,623
Sales tax payable		32,830	115,182
		<u>3,507,834</u>	<u>2,597,483</u>
Total liabilities		<u>3,724,143</u>	<u>2,813,177</u>
Contingencies and commitments	6		
Total equity and liabilities		<u>4,133,051</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

Farheen Salman Amir
Director

Sohail Hanif Baig
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 (UNAUDITED)

	Quarter ended		Nine Months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
----- (Rupees in thousand) -----				
Sales	2,550,246	2,246,972	8,123,585	7,137,950
Cost of sales	(1,300,660)	(1,177,839)	(4,356,951)	(3,911,549)
Gross profit	1,249,586	1,069,133	3,766,634	3,226,401
Distribution cost	(780,444)	(518,858)	(2,082,141)	(1,760,840)
Administrative expenses	(32,602)	(30,661)	(144,386)	(147,064)
Other operating expenses	(31,380)	(37,968)	(111,843)	(95,120)
Other income	21,164	28,351	89,356	85,064
	426,324	509,997	1,517,620	1,308,441
Finance cost	3,017	(9,390)	(11,607)	(23,034)
Profit before taxation	429,341	500,607	1,506,013	1,285,407
Taxation				
- current	(120,831)	(134,970)	(440,647)	(360,686)
- deferred	1,006	(2,295)	1,671	(1,203)
	(119,825)	(137,265)	(438,976)	(361,889)
Profit after taxation	309,516	363,342	1,067,037	923,518
Other comprehensive income	-	-	-	-
Total comprehensive income	309,516	363,342	1,067,037	923,518
Basic and diluted earnings per share	50.27	59.01	173.29	149.98

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 NINE MONTHS ENDED SEPTEMBER 30, 2017 (UNAUDITED)

	Note	September 30, 2017	September 30, 2016
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,506,013	1,285,407
Adjustment for:			
Depreciation		122,710	117,446
Mark-up on short term borrowings		11,427	5,172
Provision for staff retirement benefits		2,886	3,582
Return on savings accounts		(17,480)	(16,560)
		119,543	109,640
		1,625,556	1,395,047
Effect on cash flow due to working capital changes			
Decrease / (increase) in current assets			
Stores and spares		8,079	(10,231)
Stock in trade		156,290	(528)
Trade debts		(124,789)	(90,326)
Loans and advances		7,239	4,811
Trade deposits and short term prepayments		(22,671)	(35,323)
Other receivables		(7,749)	(35,932)
		16,399	(167,529)
Increase / (decrease) in current liabilities			
Trade and other payables		998,826	(33,148)
Provisions		(6,123)	(3,551)
Sales tax payable		(82,352)	40,922
		910,351	4,223
Cash generated from operations		2,552,306	1,231,741
Mark-up paid		(11,427)	(5,417)
Income tax paid		(194,415)	(351,425)
Long term loans and advances		(1,938)	24,503
Staff retirement benefits - contributions paid		(600)	(4,239)
Long term prepayment		2,605	-
Net cash from operating activities		2,346,531	895,163
CASH USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(63,945)	(119,841)
Return received on savings accounts		17,480	16,560
Net cash used in investing activities		(46,465)	(103,281)
CASH USED IN FINANCING ACTIVITY			
Dividends paid		(2,463,047)	(591,131)
Net (decrease) in cash and cash equivalents		(162,981)	200,751
Cash and cash equivalents at beginning of the period		694,779	511,576
Cash and cash equivalents at end of the period	7	531,798	712,327

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 NINE MONTHS ENDED SEPTEMBER 30, 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
Total comprehensive income for the period							
Profit for the nine months ended September 30, 2017	-	-	-	-	1,067,037	1,067,037	1,067,037
Other comprehensive income for the nine months ended September 30, 2017	-	-	-	-	-	-	-
Transactions with owners of the Company							
Interim dividend for the year ending December 31, 2017 @ Rs 122 per share	-	-	-	-	(751,229)	(751,229)	(751,229)
Final dividend for the year ending December 31, 2016 @ Rs 278 per share	-	-	-	-	(1,711,818)	(1,711,818)	(1,711,818)
Balance as at September 30, 2017	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>321,936</u>	<u>347,332</u>	<u>408,908</u>
Balance as at January 1, 2016	61,576	24,630	628	138	1,591,622	1,617,018	1,678,594
Total comprehensive income for the period							
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	-	-	-	-	-	-	-
Transactions with owners of the Company							
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 ending 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>

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 NINE MONTHS ENDED SEPTEMBER 30, 2017 - UNAUDITED

1. BASIS OF PREPARATION

This condensed interim financial information of Unilever Pakistan Foods Limited ("the Company") for the nine months ended September 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 04 October 2017 and SECP vide its circular 23 of 2017 has clarified that the companies whose financial year including interim period closes on or before 31 December 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 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 September 30, 2017 (Rupees in thousand)	Audited December 31, 2016
Operating assets - at net book value	1,910,249	1,952,320
Capital work in progress - at cost	115,842	132,536
	<u>2,026,091</u>	<u>2,084,856</u>

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

	Additions (at cost)	
	Unaudited September 30, 2017 (Rupees in thousand)	Unaudited September 30, 2016
Building on freehold land	25,819	13,361
Plant and machinery	51,462	72,034
Electrical, mechanical and office equipment	3,357	80
	<u>80,639</u>	<u>85,475</u>

5. PROVISIONS

		Unaudited September 30, 2017 (Rupees in thousand)	Audited December 31, 2016
Sindh Infrastructure Cess	5.1	30,212	25,417
Restructuring		<u>21,288</u>	<u>32,206</u>
		<u>51,500</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 September 30, 2017 amounted to Rs. 92.2 million (December 31, 2016: Rs. 34.81 million).

7. CASH AND CASH EQUIVALENTS

	Unaudited Sep 30, 2017 (Rupees in thousand)	Unaudited Sep 30, 2016
Cash and bank balances	<u>531,798</u>	<u>712,327</u>
	<u>531,798</u>	<u>712,327</u>

8. RELATED PARTY TRANSACTIONS

Related party transactions during the period are as follows:

Relationship with the company	Nature of transactions	Sep 30, 2017 (Rupees in thousand)	Sep 30, 2016
i) Holding company	Royalty	160,227	121,180
ii) Other related parties	Technology fee	169,233	131,279
	Purchase of goods	1,616,369	1,144,770
	Sale of goods	146,410	115,050
	Fee for receiving of services from related parties	209,997	194,464
	Fee for providing of services to related parties	63,954	43,002
	Contribution to:		
	- Defined Contribution plan	14,400	15,294
	- Defined Benefit plans	5,420	3,513
	Settlement on behalf of:		
	- Defined Contribution plan	16,114	27,826
	- Defined Benefit plans	-	2,171
iii) Key management personnel	Salaries and other short-term employee benefits	8,209	5,388

9. DIVIDEND

The Board of Directors in its meeting held on October 23, 2017 declared second interim cash dividend in respect of Quarter ended September 30, 2017 of Rs. 50.00 per share, amounting to Rs. 307.88 million. Together with the first interim dividend 2017 of Rs. 122.00 per share (already paid), the total cumulative dividend upto the Third Quarter ended September 30, 2017 is Rs. 172.00 per share amounting to Rs. 1,059.11 million (Total cumulative dividend upto the Third Quarter ended September 30, 2016 Rs. 90.97 per share, amounting to Rs. 560.16 million).

This condensed interim financial information does not reflect the second interim dividend as payable, which will be accounted for in the statements of changes in equity as an appropriation from the unappropriated profit in the year ending December 31, 2017.

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 23, 2017 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 نو مہینہ رپورٹ اور مالیاتی گوشوارے برائے ۳۰ ستمبر ۲۰۱۷ء پیش کر رہے ہیں۔

سیل میں 13.8% 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 1.2% کی بہتری آئی جو کہ اب 46.2% ہو گیا ہے۔ اس کی وجوہات قیمتوں پر بہتر توجہ اور بہترین کارکردگی ہیں۔ فی حصص آمدنی میں گزشتہ سال اسی دورانیے کی نسبت 15.5% اضافہ دیکھنے میں آیا۔

مالیاتی کارکردگی کا خلاصہ

۳۰ ستمبر کو ختم شدہ ماہی نتائج			۳۰ ستمبر کو ختم شدہ نو ماہی نتائج		
بشمول %	2016 روپے '000	2017	بشمول %	2016 روپے '000	2017
13.50%	2,246,972	2,550,246	13.80%	7,137,950	8,123,585
-14.20%	500,607	429,341	17.20%	1,285,407	1,506,013
-14.80%	363,342	309,516	15.50%	923,518	1,067,037
-14.80%	59.01	50.27	15.50%	149.98	173.29

فروخت

ٹیکس سے قبل منافع

ٹیکس کے بعد منافع

فی حصص آمدنی (روپے)

مستقبل پر نظر

مشکل اقتصادی حالات اور برہتی 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
چیئرمین

سید شازیہ
چیف ایگزیکٹو آفیسر

23 اکتوبر 2017

کراچی



Unilever Pakistan Foods Limited
Avari Plaza, Fatima Jinnah Road,
Karachi-75530
T: +92 21 35660062-9
F: +92 21 35681705
www.unilever.pk