



UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2019



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
Ms. Farheen Salman Amir	Executive Director
Mr. Zulfikar Monnoo	Non-Executive Director
Mr. Muhammad 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 & Acting Chief Financial Officer

Mr. Aman Ghanchi

Audit Committee

Mr. Khalid Mansoor	Chairman & Member
Mr. Zulfikar Monnoo	Member
Mr. Muhammad Adil Monnoo	Member
Mr. Badaruddin F. Vellani	Member
Mr. Kamran Y. Mirza	Member
Mr. Moiz Idris Rajput	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
Ms. Kanize Fathema Zuberi	Secretary & Head of HR

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 first quarter ended March 31, 2019.

Sales grew by 2.8% on the back of strong brand equity, successful innovations and sustained investment in advertisement and promotion. Gross Margin declined by 3.3% to 44.3% due to difficult operating environment. Earnings per share (EPS) decreased by 6.5% versus the same period last year.

Financial Highlights

	First quarter ended March 31,		Increase / (Decrease) %
	2019 (Restated)	2018	
	Rs '000'		
Net Sales	3,317,516	3,227,606	2.8%
Profit before Taxation	765,029	767,519	(0.3%)
Profit after Taxation	557,381	580,352	(4.0%)
Earnings per Share* (Rs.)	87.50	93.56*	(6.5%)

* EPS for prior period is also restated for effect of right issue

Future Outlook

Despite challenging economic and operating environment which is expected to continue in the short term, the business will continue to deliver positive results. We are committed to deal with the challenges that lie ahead with our access to global expertise, superior consumer understanding, powerful innovations and world class customer service. We believe that our dedicated and focused efforts will allow us to provide better value to meet consumers' everyday needs and deliver sustained profitable growth for the benefit of all stakeholders.

Thanking you all.

On behalf of the Board

Shazia Syed
Chief Executive Officer

Kamran Y. Mirza
Chairman

Karachi
April 26, 2019

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2019

	Note	Unaudited March 31, 2019	Audited December 31, 2018 (Restated)
← (Rupees in thousand) →			
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,037,845	2,783,549
Lease - Right of use of asset		28,848	34,853
Intangible assets		81,637	81,637
Long term prepayment		2,980	2,980
Long term loans and advances		10,732	11,338
		<u>3,162,042</u>	<u>2,914,357</u>
Current assets			
Stores and spares		48,773	49,055
Stock in trade		877,310	963,034
Trade debts		913,115	509,288
Loans and advances		16,608	13,107
Trade deposits and short term prepayments		30,236	33,996
Other receivables		19,395	47,136
Taxation - net		93,759	263,869
Sales tax refundable		2,967	62,225
Cash and bank balances		1,367,281	1,114,816
		<u>3,369,444</u>	<u>3,056,526</u>
Total assets		<u>6,531,486</u>	<u>5,970,883</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		63,699	63,699
Reserves		<u>2,380,371</u>	<u>1,822,990</u>
		2,444,070	1,886,689
LIABILITIES			
Non-current liabilities			
Staff retirement benefits		15,427	14,000
Deferred taxation		146,480	141,590
Lease liabilities		2,760	24,819
		<u>164,667</u>	<u>180,409</u>
Current liabilities			
Trade and other payables		3,183,883	2,835,390
Unpaid dividend		21,310	21,310
Unclaimed dividend		17,260	10,877
Provisions	5	49,404	53,536
Accrued interest / mark-up		25,033	13,391
Short term borrowings		576,493	938,994
Current portion of lease liabilities		49,366	30,287
		<u>3,922,749</u>	<u>3,903,785</u>
Total liabilities		4,087,416	4,084,194
Total equity and liabilities		<u>6,531,486</u>	<u>5,970,883</u>
Contingency and commitments			
	6		

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Shazia Syed
Chief Executive

Farheen Salman Amir
Director

Aman Ghanchi
Chief Financial Officer (Acting)

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2019 (UNAUDITED)

	Quarter ended	
	March 31, 2019	March 31, 2018 (Restated)
	← (Rupees in thousand) →	
Sales - net	3,317,516	3,227,606
Cost of sales	(1,847,116)	(1,691,772)
Gross profit	1,470,400	1,535,834
Distribution cost	(564,746)	(624,662)
Administrative expenses	(93,393)	(98,312)
Other operating expenses	(45,841)	(69,908)
Other income	42,043	42,916
	808,463	785,868
Finance cost	(43,434)	(18,349)
Profit before taxation	765,029	767,519
Taxation		
- current	(202,757)	(199,063)
- deferred	(4,891)	11,896
	(207,648)	(187,167)
Profit after taxation	557,381	580,352
Other comprehensive income	-	-
Total comprehensive income	557,381	580,352
	(Rupees)	
Basic and diluted earnings per share	87.50	93.56*

* EPS for prior period is also restated for effect of right issue

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Shazia Syed
Chief Executive

Farheen Salman Amir
Director

Aman Ghanchi
Chief Financial Officer (Acting)

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2019 (UNAUDITED)

	Note	March 31, 2019	March 31, 2018 (Restated)
		← (Rupees in thousand) →	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		765,029	767,519
Adjustment for:			
Depreciation		43,264	42,071
Depreciation on right of use of asset		6,004	5,988
Loss on disposal of property, plant and equipment		-	14,335
Mark-up on short term borrowings		40,771	15,105
Provision for staff retirement benefits		1,729	1,338
Return on savings accounts		(366)	(842)
		91,402	77,995
		856,431	845,514
Effect on cash flow due to working capital changes			
Decrease / (increase) in current assets			
Stores and spares		282	(5,162)
Stock in trade		85,724	70,335
Trade debts		(403,827)	(162,563)
Loans and advances		(3,501)	(136)
Trade deposits and short term prepayments		3,760	2,677
Sales tax refundable		59,258	-
Other receivables		27,741	2,487
		(230,563)	(92,362)
Increase / (decrease) in current liabilities			
Trade and other payables		348,494	(174,836)
Provisions		(4,132)	(26,310)
Sales tax payable		-	53,713
		344,362	(147,433)
Cash generated from operations		970,230	605,719
Mark-up paid		(27,767)	(7,954)
Income tax paid		(32,647)	(156,076)
Increase in long term loans and advances		606	6,516
Staff retirement benefits - contributions paid		(302)	(217)
Net cash from operating activities		910,120	447,988
CASH USED IN INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(297,560)	-
Proceeds from disposal of property, plant and equipment		-	10,329
Return received on savings accounts		366	842
Net cash used in investing activities		(297,194)	11,171
CASH USED IN FINANCING ACTIVITIES			
Lease liability payments		(4,342)	(4,247)
Dividend paid		6,382	(232,958)
		2,040	(237,205)
Net increase in cash and cash equivalents		614,966	221,954
Cash and cash equivalents at beginning of the period		175,822	(236,183)
Cash and cash equivalents at end of the period	7	790,788	(14,229)
The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.			

Shazia Syed
Chief Executive

Farheen Salman Amir
Director

Aman Ghanchi
Chief Financial Officer (Acting)

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2019 (UNAUDITED)

	SHARE CAPITAL	CAPITAL		RESERVES		SUB	TOTAL
	Issued, subscribed and paid-up capital	Share premium	Special	General	Unappropriated profit	TOTAL	
	----- (Rupees in thousand) -----						
Balance as at January 1, 2019	63,699	1,296,499	628	138	548,920	1,846,185	1,909,884
Effect of initial application of standard	-	-	-	-	(23,195)	(23,195)	(23,195)
Balance as at January 1, 2019 - Restated	63,699	1,296,499	628	138	525,725	1,822,990	1,886,689
<i>Total comprehensive income for the period</i>							
Profit for the quarter ended March 31, 2019	-	-	-	-	557,381	557,381	557,381
Other comprehensive income for quarter ended March 31, 2019	-	-	-	-	-	-	-
Balance as at March 31, 2019	63,699	1,296,499	628	138	1,083,106	2,380,371	2,444,070
Balance as at January 1, 2018	61,576	24,630	628	138	94,498	119,894	181,470
Effect of initial application of standard	-	-	-	-	(27,354)	(27,354)	(27,354)
Balance as at January 1, 2018 - Restated	61,576	24,630	628	138	67,144	92,540	154,116
<i>Total comprehensive income for the period</i>							
Profit for the quarter ended March 31, 2018	-	-	-	-	580,352	580,352	580,352
Other comprehensive income for quarter ended March 31, 2018	-	-	-	-	-	-	-
Balance as at March 31, 2018	61,576	24,630	628	138	647,496	672,892	734,468

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

Shazia Syed
Chief Executive

Farheen Salman Amir
Director

Aman Ghanchi
Chief Financial Officer (Acting)

UNILEVER PAKISTAN FOODS LIMITED

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2019 (UNAUDITED)

1. BASIS OF PREPARATION

These condensed interim financial statements of Unilever Pakistan Foods Limited ("the Company") for the three months ended March 31, 2019 have 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 International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and 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.

These condensed interim financial statements are presented in Pakistani Rupees which is the functional currency of the Company and figures are rounded off to the nearest thousand of Rupees.

2. ACCOUNTING POLICIES

Except as described below, the accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2018.

On January 1, 2019 the Company adopted IFRS 16 'Leases' which replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The impact of initial application of IFRS 16 has been presented in note 8 to the condensed interim financial information.

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements 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 these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended December 31, 2018 except for those related to IFRS 16 as explained in note 2.

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, 2018.

4. PROPERTY, PLANT AND EQUIPMENT	Unaudited March 31, 2019	Audited December 31, 2018
	← (Rupees in thousand) →	
Operating assets - at net book value	1,736,145	1,728,165
Capital work in progress - at cost	1,301,700	1,055,384
	<u>3,037,845</u>	<u>2,783,549</u>

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

	Additions (at cost)	
	Unaudited March 31, 2019	Unaudited March 31, 2018
	← (Rupees in thousand) →	
Building on freehold land	2,194	-
Plant and machinery	47,961	32,717
Electrical, mechanical and office equipment	989	8,357
Furniture and fixtures	100	-
	<u>51,244</u>	<u>41,074</u>

5. PROVISIONS		Unaudited March 31, 2019	Audited December 31, 2018
	<i>Note</i>	← (Rupees in thousand) →	
Sindh Infrastructure Cess	5.1	42,279	40,684
Restructuring		7,125	12,852
		<u>49,404</u>	<u>53,536</u>

5.1 The change represents provision made during the period.

6. CONTINGENCY AND COMMITMENTS

6.1 Contingency

There were no contingencies as on March 31, 2019.

6.2 Commitments

The commitments for capital expenditure outstanding as at March 31, 2019 amounted to Rs. 502.7 million (December 31, 2018: Rs. 653.1 million).

7. CASH AND CASH EQUIVALENTS	Unaudited March 31, 2019	Unaudited March 31, 2018
	← (Rupees in thousand) →	
Cash and bank balances	1,367,281	416,128
Short term borrowings	(576,493)	(430,357)
	<u>790,788</u>	<u>(14,229)</u>

8. IFRS 16 - RESTATEMENT

	2019	2018	2017
	← (Rupees in thousand) →		
Equity as at January 1st	548,920	94,498	1,717,946
Cumulative adjustment of initial application of IFRS 16	(23,195)	(27,354)	(28,120)
	<u>525,725</u>	<u>67,144</u>	<u>1,689,826</u>

9. RELATED PARTY TRANSACTIONS

Related party transactions during the period are as follows:

Relationship with the company	Nature of transactions	Unaudited March 31, 2019	Unaudited March 31, 2018
		← (Rupees in thousand) →	
i) Holding company	Royalty	14	60,248
ii) Other related parties	Technology fee and royalty	134,047	65,906
	Purchase of goods	614,713	453,731
	Sale of goods	16,164	11,725
	Fee for receiving of services from related parties	172,925	165,694
	Fee for providing of services to related parties	19,452	27,286
	Contribution to:		
	- Defined Contribution plan	7,596	4,894
	- Defined Benefit plans	-	-
	Settlement/ (receipt) on behalf of:		
	- Defined Contribution plan	7,577	16,529
iii) Key management personnel	Salaries and other short-term employee benefits	9,008	7,735

10. INTERIM DIVIDEND

The Board of Directors in its meeting held on April 26, 2019 declared a first interim cash dividend for the year ending December 31, 2019 of Rs. 88 per share (first interim dividend for the year ended December 31, 2018: Rs. 105.00 per share) amounting to Rs. 560.56 million (first interim dividend for the year ended December 31, 2018: Rs. 646.55 million).

11. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 26, 2019 by the Board of Directors of the Company.

یونی لیور پاکستان فوڈز لمیٹڈ

ڈائریکٹر ان کارجز

ڈائریکٹر کمپنی کی سہ ماہی رپورٹ اور مالیاتی گوشوارے برائے ۳۱ مارچ ۲۰۱۹ء پیش کر رہے ہیں۔

سیل میں 2.8% اضافہ ہوا جس کی وجوہات میں برانڈ کی مضبوط ساکھ، کامیاب جدت و اختراعات اور اشتہارات و پروموشنز میں مستقل سرمایہ کاری شامل ہیں۔ مشکل اقتصادی حالات کے باعث مجموعی منافع میں 3.3% کی کمی آئی جو کہ اب 44.3% ہو گیا ہے۔ فی حصص آمدنی میں گذشتہ سال اسی دورائے کی نسبت 6.5% کمی دیکھنے میں آئی۔

مالیاتی کارکردگی کا خلاصہ

	2018	2019
سہ ماہی اختتام		
اضافہ/(کمی) %	روپے ہزار میں	
2.8%	3,227,606	3,317,516
(0.3%)	767,519	765,029
(4.0%)	580,352	557,381
(6.5%)	93.56*	87.50

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

*گزشتہ سال کے اسی مالیاتی عرصے کی آمدنی فی حصص کو رائٹ کے اجراء کے پیش نظر بھی RESTATE کیا گیا ہے۔

مستقبل پر نظر

مشکل اقتصادی و انتظامی حالات کے باوجود کاروبار نے منافع بخش ترقی کا سفر جاری رکھا ہوا ہے۔ مشکلات پر قابو پانے میں ہماری عالمی مہارت، صارفین کا بھروسہ، مصنوعات کے معیار و جدت اور عالمی سطح کی کسٹمر سروس پر سرمایہ کاری اہم کردار ادا کرتے ہیں۔ ہم پر اعتماد ہیں کہ اپنے عزم اور بھرپور کوششوں سے اپنے صارفین کی روزمرہ کی ضروریات کی فراہمی اور مستحکم و منافع بخش ترقی جاری رکھیں گے۔

منجانب بورڈ

کامران مرزا
چیئرمین

شازیہ سید
چیف ایگزیکٹو آفیسر

کراچی

26 اپریل 2019

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