



# UNILEVER PAKISTAN FOODS LIMITED

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CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED JUNE 30, 2015



# UNILEVER PAKISTAN FOODS LIMITED

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Kamran Y. Mirza	Independent Director & Chairman of the Board
Ms. Fariyha Subhani	Executive Director & Chief Executive
Mr. Ali Tariq	Executive Director & CFO
Mr. Ehsan A. Malik	Executive Director
Mr. Zulfikar Monnoo	Non-Executive Director
Mian M. Adil Monnoo	Non-Executive Director
Mr. Kamal Monnoo	Non-Executive Director
Mr. Badruddin F. Vellani	Non-Executive Director
Ms. Shazia Syed	Non-Executive Director

### COMPANY SECRETARY

Mr. Amar Naseer

### AUDIT COMMITTEE

Mr. Zulfikar Monnoo	Chairman & Member
Mian M. Adil Monnoo	Member
Mr. Badruddin F. Villani	Member
Mr. Kamran Y. Mirza	Member
Mr. Azhar Shahid	Secretary & Head of Internal Audit

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Zulfikar Monnoo	Chairman & Member
Mr. Kamal Monnoo	Member
Mr. Ehsan A. Malik	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

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.unileverpakistan.com.pk](http://www.unileverpakistan.com.pk)  
[www.unileverpakistanfoods.com.pk](http://www.unileverpakistanfoods.com.pk)

# UNILEVER PAKISTAN FOODS LIMITED

## Directors' Review

The directors are pleased to present the financial information for the second quarter (Q2) and first half year (FH) ended June 30, 2015.

Profit After Tax and Earnings Per Share increased by 14.5% in Q2 on the back of 38 bps higher Gross Margin vs. Q2 last year and 640 bps up on first quarter 2015 in which we had invested in strengthening formulations and innovation. Sales growth in the first half was 8.9%, with PAT and EPS up by 8.2% vs. first half last year.

## Financial Highlights

	Quarter ended June 30			Six Months ended June 30		
	2015	2014	Inc %	2015	2014	Inc %
	Rs '000			Rs '000		
Net Sales	2,334,238	2,154,489	8.3%	4,470,679	4,105,879	8.9%
Profit before Taxation	490,699	456,128	7.6%	915,215	879,555	4.1%
Profit after Taxation	373,045	325,664	14.5%	669,756	619,122	8.2%
Earnings per Share (Rs.)	60.58	52.89	14.5%	108.77	100.55	8.2%

## Future Outlook

In the improving macro-economic environment and with increasing competitive intensity, the company will step-up investment in products, portfolio, brands, and manufacturing facilities to accelerate growth.

On behalf of the Board

**Fariyha Subhani**  
Chief Executive

Karachi  
August 24, 2015

# **UNILEVER PAKISTAN FOODS LIMITED**

## **Auditors' Report**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Unilever Pakistan Foods Limited ("the Company") as at 30 June 2015 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 2015, have not been reviewed and we do not express a conclusion on them.

**Date : August 24, 2015  
Karachi**

**KPMG Taseer Hadi & Co.  
Chartered Accountants  
Mohammad Mahmood Hussain**

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2015

	Note	Unaudited June 30, 2015 (Rupees in thousand)	Audited December 31, 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1,986,297	1,803,992
Intangible assets		81,637	81,637
Long term loans		16,729	17,855
Staff retirement benefits		1,776	1,776
		<u>2,086,439</u>	<u>1,905,260</u>
<b>Current assets</b>			
Stores and spares		21,065	25,682
Stock in trade		840,851	849,057
Trade debts		396,974	204,351
Loans and advances		21,659	16,077
Trade deposits and short term prepayments		67,788	60,067
Other receivables		51,351	51,901
Taxation - net		326,613	173,843
Sales tax refundable		-	42,690
Cash and bank balances		244,572	137,024
		<u>1,970,873</u>	<u>1,560,692</u>
<b>Total assets</b>		<u><b>4,057,312</b></u>	<u><b>3,465,952</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital		61,576	61,576
Reserves		1,391,578	721,822
		<u>1,453,154</u>	<u>783,398</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Staff retirement benefits		378	1,369
Deferred taxation		137,737	110,870
		<u>138,115</u>	<u>112,239</u>
<b>Current liabilities</b>			
Trade and other payables		2,255,472	2,518,817
Provisions	5	22,539	21,791
Accrued interest / mark-up		1,157	757
Short term borrowings		163,006	28,950
Sales tax payable		23,869	-
		<u>2,466,043</u>	<u>2,570,315</u>
<b>Total liabilities</b>		<u>2,604,158</u>	<u>2,682,554</u>
<b>Total equity and liabilities</b>		<u><b>4,057,312</b></u>	<u><b>3,465,952</b></u>
<b>Contingencies and commitments</b>	6		

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

**Fariyha Subhani**  
Chief Executive

**Ali Tariq**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED JUNE 30, 2015 - UNAUDITED

	Quarter ended		Half year ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
----- (Rupees in thousand) -----				
Sales	2,334,238	2,154,489	4,470,679	4,105,879
Cost of sales	(1,229,156)	(1,142,834)	(2,491,011)	(2,274,947)
Gross profit	1,105,082	1,011,655	1,979,668	1,830,932
Distribution cost	(530,845)	(458,199)	(920,192)	(795,208)
Administrative expenses	(63,173)	(66,827)	(99,724)	(103,252)
Other operating expenses	(38,641)	(34,549)	(70,608)	(66,202)
Other income	33,051	19,974	50,270	34,099
	505,474	472,054	939,414	900,369
Finance cost	(14,775)	(15,926)	(24,199)	(20,814)
<b>Profit before taxation</b>	<b>490,699</b>	<b>456,128</b>	<b>915,215</b>	<b>879,555</b>
Taxation				
- current	(90,332)	(128,358)	(218,592)	(259,266)
- deferred	(27,322)	(2,106)	(26,867)	(1,167)
	(117,654)	(130,464)	(245,459)	(260,433)
<b>Profit after taxation</b>	<b>373,045</b>	<b>325,664</b>	<b>669,756</b>	<b>619,122</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>373,045</b>	<b>325,664</b>	<b>669,756</b>	<b>619,122</b>
----- (Rupees) -----				
Basic and diluted earnings per share	<u>60.58</u>	<u>52.89</u>	<u>108.77</u>	<u>100.55</u>

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

**Fariyha Subhani**  
Chief Executive

**Ali Tariq**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED JUNE 30, 2015 - UNAUDITED

	<i>Note</i>	<b>June 30, 2015</b>	June 30, 2014
		<b>(Rupees in thousand)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		<b>915,215</b>	879,555
<b>Adjustment for:</b>			
Depreciation		<b>43,887</b>	26,853
Mark-up on short term borrowings		<b>6,489</b>	6,251
Provision for staff retirement benefits		<b>970</b>	797
Return on savings accounts		<b>(8,420)</b>	(12,755)
		<b>42,926</b>	21,146
		<b>958,141</b>	900,701
<b>Effect on cash flow due to working capital changes</b>			
Decrease / (Increase) in current assets			
Stores and spares		<b>4,617</b>	(5,667)
Stock in trade		<b>8,206</b>	(24,582)
Trade debts		<b>(192,623)</b>	(139,707)
Loans and advances		<b>(5,582)</b>	(8,334)
Trade deposits and short term prepayments		<b>(7,721)</b>	9,865
Sales tax refundable		<b>42,690</b>	36,067
Other receivables		<b>550</b>	(37,460)
		<b>(149,863)</b>	(169,818)
(Decrease) / Increase in current liabilities			
Trade and other payables		<b>(137,454)</b>	360,595
Provisions		<b>748</b>	1,883
Sales tax payable		<b>23,869</b>	3,047
		<b>(112,837)</b>	365,525
Cash generated from operations		<b>695,441</b>	1,096,408
Mark-up paid		<b>(6,089)</b>	(6,275)
Income tax paid		<b>(371,362)</b>	(252,087)
Decrease / (Increase) in long term loans		<b>1,126</b>	(4,729)
Staff retirement benefits - contribution		<b>(1,961)</b>	503
Net cash from operating activities		<b>317,155</b>	833,820
<b>CASH USED IN INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(226,192)</b>	(44,285)
Return received on savings accounts		<b>8,420</b>	11,960
Net cash used in investing activities		<b>(217,772)</b>	(32,325)
<b>CASH USED IN FINANCING ACTIVITY</b>			
Dividends paid		<b>(125,891)</b>	(271,951)
Net (decrease) / increase in cash and cash equivalents		<b>(26,508)</b>	529,544
Cash and cash equivalents at beginning of the period		<b>108,074</b>	258,593
Cash and cash equivalents at end of the period	7	<b>81,566</b>	788,137

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

**Fariyha Subhani**  
Chief Executive

**Ali Tariq**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED JUNE 30, 2015 - UNAUDITED

	SHARE CAPITAL Issued, subscribed and paid-up	RESERVES				Sub Total	TOTAL
		CAPITAL		REVENUE			
		Share premium	Special	General	Unappropriated profit		
----- (Rupees in thousand) -----							
Balance as at January 1, 2015	61,576	24,630	628	138	696,426	721,822	783,398
<i>Total comprehensive income for the period</i>							
Profit for the half year ended June 30, 2015	-	-	-	-	669,756	669,756	669,756
Other comprehensive income for the half year ended June 30, 2015	-	-	-	-	-	-	-
Balance as at June 30, 2015	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>1,366,182</u>	<u>1,391,578</u>	<u>1,453,154</u>
Balance as at January 1, 2014	61,576	24,630	628	138	362,757	388,153	449,729
<i>Total comprehensive income for the period</i>							
Profit for the half year ended June 30, 2014	-	-	-	-	619,122	619,122	619,122
Other comprehensive income for the half year ended June 30, 2014	-	-	-	-	-	-	-
<i>Transactions with owners of the Company</i>							
Final dividend for the year ended December 31, 2013 @ Rs 42.28 per share	-	-	-	-	(260,344)	(260,344)	(260,344)
Balance as at June 30, 2014	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>721,535</u>	<u>746,931</u>	<u>808,507</u>

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

**Fariyha Subhani**  
Chief Executive

**Ali Tariq**  
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, 2015 - UNAUDITED

### 1. BASIS OF PREPARATION

This condensed interim financial information of Unilever Pakistan Foods Limited ("the Company") for the half year ended June 30, 2015 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.

### 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, 2014.

### 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, 2014.

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, 2014.

### 4. PROPERTY, PLANT AND EQUIPMENT

<b>Unaudited</b>	<b>Audited</b>
<b>June 30,</b>	<b>December 31,</b>
<b>2015</b>	<b>2014</b>
<b>(Rupees in thousand)</b>	

Operating assets - at net book value	<b>1,408,863</b>	995,280
Capital work in progress - at cost	<b>577,434</b>	808,712
	<b><u>1,986,297</u></b>	<b><u>1,803,992</u></b>

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

	<b>Additions</b>	
	<b>(at cost)</b>	
	<b>June 30,</b>	<b>June 30,</b>
	<b>2015</b>	<b>2014</b>
	<b>(Rupees in thousand)</b>	
Building on freehold land	<b>95,640</b>	21,931
Plant and machinery	<b>361,830</b>	104,952
Electrical, mechanical and office equipment	-	2,896
	<b><u>457,470</u></b>	<b><u>129,779</u></b>

<b>5. PROVISIONS</b>		<b>Unaudited June 30, 2015 (Rupees in thousand)</b>	<b>Audited December 31, 2014</b>
Sindh Infrastructure Cess	5.1	17,126	14,778
Restructuring		5,413	7,013
		<b>22,539</b>	<b>21,791</b>

5.1 The change represents provision made during the period.

## 6. CONTINGENCIES AND COMMITMENTS

### 6.1 Contingencies

There were no contingencies as of 30 June 2015.

### 6.2 Commitments

The commitments for capital expenditure outstanding as at June 30, 2015 amounted to Rs. 40.74 million (December 31, 2014: Rs. 166.72 million).

<b>7. CASH AND CASH EQUIVALENTS</b>		<b>Unaudited June 30, 2015 (Rupees in thousand)</b>	<b>Unaudited June 30, 2014</b>
Cash and bank balances		244,572	788,137
Short term borrowings		(163,006)	-
		<b>81,566</b>	<b>788,137</b>

## 8. RELATED PARTY TRANSACTIONS

Related party transactions during the period are as follows:

<b>Relationship with the company</b>	<b>Nature of transactions</b>	<b>June 30, 2015 (Rupees in thousand)</b>	<b>June 30, 2014</b>
i) Holding company	Royalty	108,977	121,042
ii) Other related parties	Technology fee	101,240	49,852
	Purchase of goods	862,192	804,668
	Sale of goods	12,927	10,614
	Fee for receiving of services from related parties	120,288	132,755
	Fee for providing of services to related parties	27,945	13,994
	Contribution to:		
	- Defined Contribution plan	10,734	9,852
	- Defined Benefit plans	1,961	-
	Settlement on behalf of:		
	- Defined Contribution plan	36,835	948
	- Defined Benefit plans	3,597	-
iii) Key management personnel	Salaries and other short-term employee benefits	3,236	3,917

**9. INTERIM DIVIDEND**

The Board of Directors in its meeting held on August 24, 2015 declared cash dividend in respect of half year ended June 30, 2015 of Rs. 54.00 per share amounting to Rs. 332.51 million (interim cash dividend for the half year ended June 30, 2014: NIL).

This condensed interim financial information does not reflect the 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 nine months ending September 30, 2015.

**10. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on August 24, 2015 by the Board of Directors of the Company.

**Fariyha Subhani**  
Chief Executive

**Ali Tariq**  
Director & Chief Financial Officer



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