



UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED SEPTEMBER 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 |
| Ms. Mehwish Iqbal | 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
www.unileverpakistanfoods.com.pk

UNILEVER PAKISTAN FOODS LIMITED

Directors' Review

The directors are pleased to present the financial information for the third quarter (Q3) and nine months ended September 30, 2015.

Sales grew by 9% for the nine months ended September 2015 and gross margin improved by 39bps. In the discrete Q3, sales grew by 8% and gross margin improved by 202bps. However due to higher investment in innovations, EPS was flat. For the nine months EPS grew by 6%.

Future Outlook

| Financial Highlights | Quarter ended Sep 30 | | | Nine Months ended Sep 30 | | |
|--------------------------|----------------------|-----------|------|--------------------------|-----------|------|
| | 2015 | 2014 | Inc% | 2015 | 2014 | Inc% |
| | Rs '000 | | | Rs '000 | | |
| Net Sales | 1,938,087 | 1,794,513 | 8% | 6,408,766 | 5,900,392 | 9% |
| Profit before Taxation | 304,929 | 350,854 | -13% | 1,220,144 | 1,230,410 | -1% |
| Profit after Taxation | 231,284 | 228,743 | 1% | 901,040 | 847,866 | 6% |
| Earnings per Share (Rs.) | 37.56 | 37.15 | 1% | 146.33 | 137.69 | 6% |

In the improving macro-economic environment and with increasing competitive intensity, the company will continue to drive the agenda of improving consumer lives through relevant innovations and to invest in strengthening brand equity.

On behalf of the Board

Kamran Y. Mirza
Chairman

Karachi
October 27, 2015

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2015

| | Note | Unaudited September 30, 2015 (Rupees in thousand) | Audited December 31, 2014 |
|---|------|--|---------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 2,013,268 | 1,803,992 |
| Intangible assets | | 81,637 | 81,637 |
| Long term loans | | 13,692 | 17,855 |
| Retirement benefit - prepayment | | 1,776 | 1,776 |
| | | <u>2,110,373</u> | <u>1,905,260</u> |
| Current assets | | | |
| Stores and spares | | 20,575 | 25,682 |
| Stock in trade | | 885,350 | 849,057 |
| Trade debts | | 357,873 | 204,351 |
| Loans and advances | | 19,352 | 16,077 |
| Trade deposits and short term prepayments | | 58,971 | 60,067 |
| Other receivables | | 56,927 | 51,901 |
| Sales tax refundable | | 25,165 | 42,690 |
| Taxation - payments less provision | | 293,839 | 173,843 |
| Cash and bank balances | | 298,234 | 137,024 |
| | | <u>2,016,286</u> | <u>1,560,692</u> |
| Total assets | | <u>4,126,659</u> | <u>3,465,952</u> |
| EQUITY AND LIABILITIES | | | |
| Capital and reserves | | | |
| Share capital | | 61,576 | 61,576 |
| Reserves | | 1,290,351 | 721,822 |
| | | <u>1,351,927</u> | <u>783,398</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Retirement benefits - obligation | | 862 | 1,369 |
| Deferred taxation | | 159,913 | 110,870 |
| | | <u>160,775</u> | <u>112,239</u> |
| Current liabilities | | | |
| Trade and other payables | | 2,566,719 | 2,518,817 |
| Provision | 5 | 23,723 | 21,791 |
| Accrued interest / mark-up | | 811 | 757 |
| Short term borrowings | | 22,704 | 28,950 |
| | | <u>2,613,957</u> | <u>2,570,315</u> |
| Total liabilities | | <u>2,774,732</u> | <u>2,682,554</u> |
| Contingencies and commitments | 6 | | |
| Total equity and liabilities | | <u>4,126,659</u> | <u>3,465,952</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 PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015 - UNAUDITED

| | Quarter ended | | Nine Months ended | |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2015 | September 30, 2014 | September 30, 2015 | September 30, 2014 |
| ----- (Rupees in thousand) ----- | | | | |
| Sales | 1,938,087 | 1,794,513 | 6,408,766 | 5,900,392 |
| Cost of sales | (1,079,378) | (1,034,474) | (3,570,389) | (3,309,421) |
| Gross profit | 858,709 | 760,039 | 2,838,377 | 2,590,971 |
| Distribution cost | (512,961) | (377,340) | (1,433,153) | (1,172,548) |
| Administrative expenses | (31,978) | (33,358) | (131,702) | (136,610) |
| Other operating expenses | (22,136) | (26,409) | (92,744) | (92,611) |
| Other income | 18,378 | 30,597 | 68,648 | 64,696 |
| | 310,012 | 353,528 | 1,249,426 | 1,253,898 |
| Finance cost | (5,083) | (2,674) | (29,282) | (23,488) |
| Profit before taxation | 304,929 | 350,854 | 1,220,144 | 1,230,410 |
| Taxation | | | | |
| - current | (51,469) | (121,650) | (270,061) | (380,916) |
| - deferred | (22,176) | (461) | (49,043) | (1,628) |
| | (73,645) | (122,111) | (319,104) | (382,544) |
| Profit after taxation | 231,284 | 228,743 | 901,040 | 847,866 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | 231,284 | 228,743 | 901,040 | 847,866 |
| ----- (Rupees) ----- | | | | |
| Basic and diluted earnings per share | 37.56 | 37.15 | 146.33 | 137.69 |

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 NINE MONTHS ENDED SEPTEMBER 30, 2015 - UNAUDITED

| | Note | September 30, 2015 | September 30, 2014 |
|--|------|-----------------------|-----------------------|
| | | (Rupees in thousand) | |
| Cash generated from operations | | 966,267 | 1,571,548 |
| Mark-up paid on short term borrowings | | (10,372) | (6,432) |
| Income tax paid | | (390,057) | (436,235) |
| Retirement benefit - contribution | | (1,961) | (155) |
| (Increase) / Decrease in long term loans | | 4,163 | (3,929) |
| Net cash from operating activities | | <u>568,040</u> | <u>1,124,797</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | <u>(282,956)</u> | <u>(218,315)</u> |
| Return received on savings and deposit accounts | | 8,263 | 24,936 |
| Net cash used in investing activities | | <u>(274,693)</u> | <u>(193,379)</u> |
| CASH FLOW USED IN FINANCING ACTIVITY | | | |
| Dividend paid | | (125,891) | (271,951) |
| Net increase in cash and cash equivalents | | <u>167,456</u> | <u>659,467</u> |
| Cash and cash equivalents at the beginning of the period | | <u>108,074</u> | <u>283,754</u> |
| Cash and cash equivalents at the end of the period | 7 | <u><u>275,530</u></u> | <u><u>943,221</u></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 STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 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 nine months ended September 30, 2015 | - | - | - | - | 901,040 | 901,040 | 901,040 |
| Other comprehensive income for the nine months ended September 30, 2015 | - | - | - | - | - | - | - |
| <i>Transactions with owners of the Company</i> | | | | | | | |
| Interim dividend for the year ending December 31, 2015 @ Rs 54 per share | - | - | - | - | (332,511) | (332,511) | (332,511) |
| Balance as at September 30, 2015 | <u>61,576</u> | <u>24,630</u> | <u>628</u> | <u>138</u> | <u>1,264,955</u> | <u>1,290,351</u> | <u>1,351,927</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 nine months ended September 30, 2014 | - | - | - | - | 847,866 | 847,866 | 847,866 |
| <i>Transactions with owners of the Company</i> | | | | | | | |
| Final dividend for the year ended December 31, 2013 @ Rs 42.28 per share | - | - | - | - | (260,340) | (260,340) | (260,340) |
| Balance as at September 30, 2014 | <u>61,576</u> | <u>24,630</u> | <u>628</u> | <u>138</u> | <u>950,283</u> | <u>975,679</u> | <u>1,037,255</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 NINE MONTHS ENDED SEPTEMBER 30, 2015 - UNAUDITED

1. BASIS OF PREPARATION

This condensed interim financial information of Unilever Pakistan Foods Limited ("the Company") for the nine months ended September 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

| | Unaudited September 30, 2015 (Rupees in thousand) | Audited December 31, 2014 |
|--------------------------------------|--|--|
| Operating assets - at net book value | 1,659,819 | 995,280 |
| Capital work in progress - at cost | 353,449 | 808,712 |
| | <u>2,013,268</u> | <u>1,803,992</u> |

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

| | Additions (at cost) | |
|--|--------------------------------|-------------------------------|
| | September 30, 2015 | September 30, 2014 |
| | (Rupees in thousand) | |
| Building on freehold land | 173,832 | 21,931 |
| Plant and machinery | 564,387 | 104,952 |
| Electrical, mechanical and office equipment | - | 2,896 |
| | <u>738,219</u> | <u>129,779</u> |

5. PROVISIONS

Unaudited Audited
September 30, December 31,
2015 2014
(Rupees in thousand)

| | | | |
|---------------------------|-----|----------------------|----------------------|
| Sindh Infrastructure Cess | 5.1 | 18,310 | 14,778 |
| Restructuring | | 5,413 | 7,013 |
| | | <u>23,723</u> | <u>21,791</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, 2014.

6.2 Commitments

The commitments for capital expenditure outstanding as at September 30, 2015 amounted to Rs. 27.35 million (December 31, 2014: Rs. 166.72 million).

7. CASH AND CASH EQUIVALENTS

Unaudited Unaudited
September September
30, 2015 30, 2014
(Rupees in thousand)

| | | |
|------------------------|-----------------------|-----------------------|
| Cash and bank balances | 298,234 | 943,221 |
| Short term borrowings | (22,704) | - |
| | <u>275,530</u> | <u>943,221</u> |

8. RELATED PARTY TRANSACTIONS

Related party transactions during the period are as follows:

| Relationship with the company | Nature of transactions | September 30, 2015 | September 30, 2014 |
|--------------------------------------|--|-----------------------------|---------------------------|
| | | (Rupees in thousand) | |
| i) Holding company | Royalty | 145,725 | 101,776 |
| ii) Other related parties | Technology fee | 139,158 | 94,010 |
| | Purchase of goods | 1,103,632 | 1,071,677 |
| | Sale of goods | 22,391 | 16,435 |
| | Fee for receiving of services from related parties | 185,368 | 187,790 |
| | Fee for providing of services to related parties | 42,608 | 11,674 |
| | Contribution to: | | |
| | - Defined Contribution plan | 12,625 | 11,253 |
| | - Defined Benefit plans | 1,962 | |
| | Settlement on behalf of: | | |
| | - Defined Contribution plan | 30,719 | 15,881 |
| - Defined Benefit plans | 1,930 | - | |
| iii) Key management personnel | Salaries and other short-term employee benefits | 4,048 | 4,902 |

9. INTERIM DIVIDEND

The Board of Directors in its meeting held on October 27, 2015 declared NIL dividend in respect of nine months ended September 30, 2015 (interim cash dividend for the nine months ended September 30, 2014: Rs. 94.0 per share amounting to Rs. 578.82 million).

During the year, at its meeting held on August 24, 2015 the Board of Directors declared interim 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).

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 27, 2015 by the Board of Directors of the Company.

Fariyha Subhani
Chief Executive

Ali Tariq
Director & Chief Financial Officer



Unilever Pakistan Foods Limited
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