



Unilever

UNILEVER PAKISTAN FOODS LIMITED

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED JUNE 30, 2012**



UNILEVER PAKISTAN FOODS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Ehsan A. Malik	Chairman
Ms. Fariyha Subhani	Chief Executive
Mr. Imran Husain	Director / CFO
Mian Zulfikar H. Mannoo	Director
Mian Adil Mannoo	Director
Mr. Kamal Mannoo	Director
Mr. Badaruddin F. Vellani	Director
Ms. Shazia Syed	Director
Mr. Noman Amjad Lutfi	Director

COMPANY SECRETARY

Mr. Amar Naseer

AUDIT COMMITTEE

Mian Zulfikar H. Mannoo	Chairman
Mian Adil Mannoo	Member
Mr. Noman Amjad Lutfi	Member
Mr. Azhar Shahid	Secretary & Head of Internal Audit

AUDITORS

Messrs A.F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C
I.I. Chundrigar Road
Karachi.

REGISTERED OFFICE

Avari Plaza
Fatima Jinnah Road
Karachi - 75530

SHARE REGISTRATION OFFICE

C/o Famco Associates (Pvt) Limited
State Life Building No. 1-A
I.I. Chundrigar Road
Karachi.

WEBSITE ADDRESS

www.unileverpakistan.com.pk
www.unileverpakistanfoods.com.pk

UNILEVER PAKISTAN FOODS LIMITED

Directors' Review

The directors are pleased to present the condensed interim financial statements for the half year ended June 30, 2012.

Financial Highlights	Half Year Ended June 30,		Increase %
	2012	2011	
	Rs '000		
Net Sales	3,006,587	2,546,154	18%
Profit before Taxation	600,830	538,860	12%
Profit after Taxation	401,143	364,523	10%
Earnings per Share (Rs.)	65.15	59.20	10%

On 18% higher sales, Earnings Per Share increased by 10% as the company buffered the impact on consumers of cost increases and continued to build brands by increasing investment in advertising and promotion.

The strong performance was spearheaded by Knorr which posted a sales growth of 59%. Knorr's growth was led by noodles and cubes, both responding well to strong marketing campaigns. Sauces also continued to grow at an impressive rate.

Future Outlook

Inflation, poor security environment and power outages continue to pose challenges to the business. Bigger innovations, improved execution and a high performance culture is expected to deliver exceptional value to consumers, customers and shareholders.

On behalf of the Board

Fariyha Subhani
Chief Executive Karachi

August 13, 2012

UNILEVER PAKISTAN FOODS LIMITED

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Unilever Pakistan Foods Limited as at June 30, 2012 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof 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. The figures of the condensed interim profit and loss account for the quarters ended June 30, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2012.

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 as of and for the half year ended June 30, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A.F Ferguson & Co

Chartered Accountants
Karachi

Dated: August 17, 2012

Name of the engagement partner: **Farrukh Rehman**

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2012

	Note	Unaudited June 30, 2012	Audited December 31, 2011
(Rupees in thousand)			
ASSETS			
Non-current assets			
Property, plant and equipment	4	635,176	620,702
Intangible assets		81,637	81,637
Long term loans		23,387	25,621
Long term prepayment		-	2,894
		<u>740,200</u>	<u>730,854</u>
Current assets			
Stores and spares		17,925	16,700
Stock in trade		575,620	593,162
Trade debts		168,387	188,563
Loans and advances		15,359	19,366
Trade deposits and short term prepayments		40,007	52,793
Other receivables		28,305	28,868
Taxation - payments less provision		-	43,650
Cash and bank balances		193,370	93,212
		<u>1,038,973</u>	<u>1,036,314</u>
Total assets		<u>1,779,173</u>	<u>1,767,168</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		61,576	61,576
Reserves		369,281	429,959
		<u>430,857</u>	<u>491,535</u>
LIABILITIES			
Non-current liabilities			
Retirement benefits - obligation		25,094	17,519
Deferred taxation		101,955	87,010
		<u>127,049</u>	<u>104,529</u>
Current liabilities			
Trade and other payables		1,169,656	1,030,383
Provision		456	25,817
Accrued interest / mark-up		270	151
Sales tax payable		24,961	20,227
Taxation - provision less payments		16,468	-
Short term borrowings		9,456	94,526
		<u>1,221,267</u>	<u>1,171,104</u>
Total liabilities		<u>1,348,316</u>	<u>1,275,633</u>
Contingencies and commitments	5		
Total equity and liabilities		<u>1,779,173</u>	<u>1,767,168</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

Fariyha Subhani
Chief Executive

Imran Husain
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED JUNE 30, 2012 - UNAUDITED

	Quarter ended		Half year ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	← (Rupees in thousand) →			
Sales	1,540,236	1,415,901	3,006,587	2,546,154
Cost of sales	(912,768)	(852,248)	(1,808,993)	(1,522,222)
Gross profit	627,468	563,653	1,197,594	1,023,932
Distribution cost	(232,985)	(204,637)	(486,706)	(395,288)
Administrative expenses	(52,680)	(36,172)	(86,871)	(73,009)
Other operating expenses	(23,976)	(25,209)	(46,877)	(42,098)
Other operating income	8,030	19,413	34,649	34,969
	325,857	317,048	611,789	548,506
Restructuring cost	-	-	-	(5,000)
Profit from operations	325,857	317,048	611,789	543,506
Finance cost	(6,812)	(2,360)	(10,959)	(4,646)
Profit before taxation	319,045	314,688	600,830	538,860
Taxation				
- current	(99,232)	(101,467)	(184,741)	(174,994)
- deferred	(6,612)	6,245	(14,946)	657
	(105,844)	(95,222)	(199,687)	(174,337)
Profit after taxation	213,201	219,466	401,143	364,523
Other comprehensive income	-	-	-	-
Total comprehensive income	213,201	219,466	401,143	364,523
Earnings per share - Basic (Rupees)	34.62	35.64	65.15	59.20

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

Fariyha Subhani
Chief Executive

Imran Husain
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED JUNE 30, 2012 - UNAUDITED

	Note	June 30, 2012	June 30, 2011
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		600,830	538,860
Adjustment for non-cash charges and other items			
Depreciation		30,510	20,220
Gain on disposal of property, plant and equipment		-	(1,029)
Mark-up on short term borrowings		5,616	4,646
Provision for retirement benefit - obligations		7,575	8,904
Return on savings and deposit accounts		(10,018)	(10)
		<u>33,683</u>	<u>32,731</u>
		634,513	571,591
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES			
Decrease / (increase) in current assets			
Stores and spares		(1,225)	(5,329)
Stock in trade		17,542	(240,483)
Trade debts		20,176	(13,696)
Loans and advances		4,007	(4,583)
Trade deposits and short term prepayments		12,786	(13,240)
Other receivables		563	5,419
		<u>53,849</u>	<u>(271,912)</u>
Increase / (decrease) in current liabilities			
Sales Tax Payable		4,734	25,982
Provision		(25,361)	(4,540)
Trade and other payables		139,191	501,851
		<u>118,564</u>	<u>523,293</u>
Cash generated from operations			
		806,926	822,972
Mark-up on short term borrowings		(5,497)	(6,465)
Income tax paid		(124,624)	(121,982)
Decrease / (increase) in long term loans		2,234	(2,022)
Decrease / (increase) in long term prepayment		2,894	(7,470)
		<u>681,933</u>	<u>685,033</u>
Net cash from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(44,984)	(34,213)
Sale proceeds of property, plant and equipment		-	3,384
Return received on savings and deposit accounts		10,018	10
		<u>(34,966)</u>	<u>(30,819)</u>
Net cash used in investing activities			
CASH FLOW USED IN FINANCING ACTIVITY			
Dividend paid		(461,739)	(221,219)
		<u>185,228</u>	<u>432,995</u>
Net increase in cash and cash equivalents			
		185,228	432,995
Cash and cash equivalents at the beginning of the period		(1,314)	(89,768)
		<u>183,914</u>	<u>343,227</u>
Cash and cash equivalents at the end of the period	6	183,914	343,227

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

Fariyha Subhani
Chief Executive

Imran Husain
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED JUNE 30, 2012 - UNAUDITED

	SHARE CAPITAL	RESERVES				SUB TOTAL	TOTAL
		CAPITAL		REVENUE			
		Share Premium	Special	General	Unappropriated Profit		
← (Rupees in thousand) →							
Balance as at January 1, 2011	61,576	24,630	628	138	317,423	342,819	404,395
Final dividend for the year ended December 31, 2010 @ Rs 36 per share	-	-	-	-	(221,674)	(221,674)	(221,674)
Total comprehensive income for the half year ended June 30, 2011	-	-	-	-	364,523	364,523	364,523
Balance as at June 30, 2011	61,576	24,630	628	138	460,272	485,668	547,244
Interim dividend for the year ended December 31, 2011 @ Rs 50 per share	-	-	-	-	(307,881)	(307,881)	(307,881)
Total comprehensive income for the half year ended December 31, 2011	-	-	-	-	252,172	252,172	252,172
Balance as at January 1, 2012	61,576	24,630	628	138	404,563	429,959	491,535
Final dividend for the year ended December 31, 2011 @ Rs 50 per share	-	-	-	-	(307,881)	(307,881)	(307,881)
Interim dividend for the year ending December 31, 2012 @ Rs 25 per share	-	-	-	-	(153,940)	(153,940)	(153,940)
Total comprehensive income for the half year ended June 30, 2012	-	-	-	-	401,143	401,143	401,143
Balance as at June 30, 2012	61,576	24,630	628	138	343,885	369,281	430,857

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

Fariyha Subhani
Chief Executive

Imran Husain
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, 2012 - UNAUDITED

1. BASIS OF PREPARATION

This condensed interim financial information of Unilever Pakistan Foods Limited for the half year ended June 30, 2012 has been prepared in accordance with the requirements of the International Accounting Standard 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. This condensed interim financial information is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Karachi and Lahore Stock Exchanges.

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 of the Company for the year ended December 31, 2011.

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 judgments 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.

Judgments 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, 2011.

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, 2011.

	(Audited)
June 30, 2012	December 31, 2011
(Rupees in thousand)	

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets - at net book value	579,928	593,548
Capital work in progress - at cost	55,248	27,154
	<u>635,176</u>	<u>620,702</u>

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

	Additions (at cost)		Disposals (at net book value)	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	← (Rupees in thousand) →			
Building on freehold land	840	705	-	-
Plant and machinery	2,582	8,215	-	-
Electrical, mechanical and office equipment	12,044	1,500	-	-
Furniture and Fixtures	1,424	-	-	-
Motor vehicles	-	-	-	2,355
	<u>16,890</u>	<u>10,420</u>	<u>-</u>	<u>2,355</u>

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There has been no change in status of contingency reported in the financial statements for the year ended December 31, 2011.

5.2 Commitments

The commitments for capital expenditure outstanding as at June 30, 2012 amounted to Rs. 6 million (December 31, 2011: Rs. 27 million).

6. CASH AND CASH EQUIVALENTS

	June 30, 2012	June 30, 2011
	(Rupees in thousand)	
Cash and bank balances	193,370	381,124
Short term borrowings	(9,456)	(37,897)
	<u>183,914</u>	<u>343,227</u>

7. RELATED PARTY TRANSACTIONS

Significant related party transactions during the period are as follows:

Relationship with the company	Nature of transactions	June 30, 2012	June 30, 2011
		(Rupees in thousand)	
i) Holding company	Royalty	24,871	18,825

		June 30, 2012	June 30, 2011
		(Rupees in thousand)	
ii) Other related parties	Technology fee	38,431	20,670
	Purchase of goods	617,574	627,138
	Sale of goods	13,129	31,177
	Purchase of Property, plant and equipment	11,986	-
	Fee for receiving of services from related parties	116,498	106,358
	Fee for providing of services to related parties	14,929	30,758
	Contribution to:		
	- Defined Contribution plan	6,261	2,973
	Settlement on behalf of:		
	- Defined Contribution plan	7,752	6,857
	- Defined Benefit plans	15,387	3,367
iii) Key management personnel	Salaries and other short-term employee benefits	1,846	1,835

8. INTERIM DIVIDEND

The Board of Directors in its meeting held on August 13, 2012 declared cash dividend in respect of half year ended June 30, 2012 of Rs. 25 per share amounting to Rs. 153.94 million in addition to first interim cash dividend already declared and paid in respect of quarter ended March 31, 2012 of Rs. 25 per share (Quarter ended March 31, 2011: nil) amounting to Rs. 153.94 million (Interim cash dividend for half year ended June 30, 2011: Rs. 50 per share amounting to Rs. 307.88 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, 2012.

9. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on August 13, 2012 by the Board of Directors of the Company.

Fariyha Subhani
Chief Executive

Imran Husain
Director & Chief Financial Officer