



Unilever

**Condensed Interim Financial Statements
Quarter Ended March 31, 2008**



Unilever Pakistan Limited

COMPANY INFORMATION

Board of Directors

Mr. Ehsan A. Malik	Chairman & Chief Executive
Mr. Imran Husain	Executive Director / CFO
Mr. M. Qaysar Alam	Executive Director
Mr. Noeman Shirazi	Executive Director
Ms. Shazia Syed	Executive Director
Mr. Zaffar A. Khan	Non-Executive Director
Mr. Khalid Rafi	Non-Executive Director

Company Secretary

Mr. Amar Naseer

Audit Committee

Mr. Zaffar A. Khan	Chairman
Mr. Khalid Rafi	Member
Mr. M. Qaysar Alam	Member
Mr. Qanit Khalil	Head of Internal Audit & Secretary

Auditors

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

Registered Office

Avari Plaza
Fatima Jinnah Road
Karachi.

Share Registration Office

C/o Ferguson Associates (Pvt) Ltd.
State Life Building No. 1-A,
I.I. Chundrigar Road,
Karachi.

Directors' Review

Dear Shareholders,

The company continued its growth journey in the first quarter, achieving 19% increase in sales and 17% growth in after-tax profits over the corresponding quarter. Margins, however, remained under pressure due to significant increase in raw material prices triggered by global input cost inflation.

The Home and Personal Care business was the major contributor to overall sales growth. Exciting stream of innovations, 360 degree communication campaigns and focused market activations were the key drivers.

Home & Personal Care

Sales growth of 37% over corresponding quarter was driven by robust performance of our star brands: Surf Excel, Lux, Fair & Lovely and Lifebuoy. Surf Excel recorded significant volume growth as a result of continued market demand. New variants and media campaign led to the growth of Fair and Lovely. Lifebuoy continues to develop through introduction of new variants.

Beverages

Beverages delivered 4% sales growth, primarily due to sustained performance of Lipton. The premium brand registered double digit growth of 12.2% during the quarter with clear focus on Tea Bags.

Ice Cream

Ice Cream sales for the current quarter grew by 6%. The growth was achieved through increased market penetration, brand innovations, specifically in Cornetto and Paddle Pop, supported with relevant activation and strong consumer promotions in Take Home range.

Spreads

Blue Band margarine grew impressively by 29% through improved distribution network and effective activation.

Earnings per Share

Earnings per share of Rs 39.04 is up by 16.6% compared to Rs 33.49 in 2007.

On behalf of the Board

Karachi
April 24, 2008

Ehsan A. Malik
Chairman & Chief Executive

UNILEVER PAKISTAN LIMITED

**Condensed Interim Balance Sheet
as at March 31, 2008**

	Note	Unaudited March 31, 2008	Audited December 31, 2007
← (Rupees in thousand) →			
ASSETS			
Non-current assets			
Property, plant and equipment	2	3,883,451	3,513,499
Intangibles		10,957	12,173
Long term investments		95,202	95,202
Long term loans		111,175	115,388
Long term deposits and prepayments		4,881	4,920
Retirement benefits - prepayments		228,079	250,878
		4,333,745	3,992,060
Current assets			
Stores and spares		229,715	180,355
Stock in trade		4,230,544	2,726,064
Trade debts		357,127	239,313
Loans and advances		154,132	122,888
Accrued interest / mark up		383	1,115
Trade deposits and short term prepayments		186,365	236,064
Other receivables		245,682	249,139
Tax refunds due from Government		199,474	148,496
Cash and bank balances		245,103	188,682
		5,848,525	4,092,116
Total assets		10,182,270	8,084,176

UNILEVER PAKISTAN LIMITED

	Note	Unaudited March 31, 2008	Audited December 31, 2007
← (Rupees in thousand) →			
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		669,477	669,477
Reserves		996,411	1,310,350
		1,665,888	1,979,827
Surplus on revaluation of fixed assets		14,104	14,261
LIABILITIES			
Non-current liabilities			
Liabilities against assets subject to finance leases		59,841	52,932
Deferred taxation		385,999	309,044
Retirement benefits obligations		141,162	140,463
		587,002	502,439
Current liabilities			
Trade and other payables		5,624,395	4,750,490
Taxation - provision less payments		5,614	21,633
Accrued interest / mark up		6,317	3,669
Current maturity of liabilities against assets subject to finance leases		17,967	17,273
Short term borrowings		1,083,620	423,557
Provisions		339,610	371,027
Dividend payable		837,753	-
		7,915,276	5,587,649
Total liabilities		8,502,278	6,090,088
Contingency & commitments	3		
Total equity and liabilities		10,182,270	8,084,176

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

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director

UNILEVER PAKISTAN LIMITED

**Condensed Interim Profit and Loss Account
for the quarter ended March 31, 2008 (unaudited)**

	Note	Jan - Mar 2008	Jan - Mar 2007 (restated)
		← (Rupees in thousand) →	
Sales	4	6,728,984	5,651,563
Cost of sales		(4,315,303)	(3,520,293)
Gross profit		2,413,681	2,131,270
Distribution costs		(1,245,633)	(1,178,634)
Administrative expenses		(217,680)	(242,436)
Other operating expenses		(75,210)	(64,051)
Other operating income		23,360	87,950
Profit from operations		898,518	734,099
Finance costs		(63,648)	(46,685)
Profit before taxation		834,870	687,414
Taxation		(315,943)	(242,209)
Profit after taxation		518,927	445,205
Earnings per share - basic and diluted (Rupees)		39.04	33.49

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

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director

**Condensed Interim Cash Flow Statement
for the quarter ended March 31, 2008 (unaudited)**

	Note	Jan - Mar, 2008	Jan - Mar, 2007
← (Rupees in thousand) →			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		8,053,768	6,706,495
Cash paid to suppliers, service providers and employees		(5,855,589)	(4,133,099)
Payment of indirect taxes and other statutory duties		(1,846,084)	(1,335,119)
Payment of royalty and technical services fee		(186,962)	(141,126)
Finance costs paid		(61,000)	(47,438)
Income tax paid		(255,007)	(167,950)
Retirement benefits obligations paid		(643)	(3,865)
Long term loans (net)		4,213	2,457
Long term deposits and prepayments (net)		39	15,456
Net cash (used in) / from operating activities		(147,265)	895,811
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(461,852)	(662,947)
Sale proceeds of property, plant and equipment on disposal		10,338	7,868
Return received on savings accounts, term deposits and balance receivable from provident fund		1,261	13,312
Dividend received		-	12
Net cash used in investing activities		(450,253)	(641,755)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liabilities against assets subject to finance leases (net)		(6,124)	(6,721)
Dividends paid		-	(753,819)
Net cash used in financing activities		(6,124)	(760,540)
Net decrease in cash and cash equivalents		(603,642)	(506,484)
Cash and cash equivalents at the beginning of the period		(234,875)	585,660
Cash and cash equivalents at the end of the period	6	(838,517)	79,176

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

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director

**Condensed Interim Statement of Changes in Equity
for the quarter ended March 31, 2008 (unaudited)**

UNILEVER PAKISTAN LIMITED

	Note	Share Capital	Reserves			Revenue	Sub total	Total
			Capital		Other			
			Difference of capital under schemes of arrangements for amalgamations	Contingency				
← (Rupees in thousand) →								
Balance as at January 1, 2007 as previously reported		669,477	70,929	321,471	-	768,285	1,160,685	1,830,162
Effect of change in accounting policy relating to recognition of employee benefits cost under IFRS- 2 "Share-based Payment"		-	-	-	16,615	(16,615)	-	-
Balance as at January 1, 2007 as restated		669,477	70,929	321,471	16,615	751,670	1,160,685	1,830,162
Net profit for the quarter ended March 31, 2007		-	-	-	-	445,205	445,205	445,205
Transferred from surplus on revaluation of fixed assets - net of deferred taxation:								
- incremental depreciation for the period		-	-	-	-	161	161	161
Transferred from unappropriated profit to contingency reserve	3.1	-	-	11,494	-	(11,494)	-	-
Employee benefits cost under IFRS- 2 "Share-based Payment"		-	-	-	3,446	-	3,446	3,446
Dividends								
For the year ended December 31, 2006								
- on cumulative preference shares		-	-	-	-	(239)	(239)	(239)
- final dividend on ordinary shares @ Rs 60 per share		-	-	-	-	(757,750)	(757,750)	(757,750)
Balance as at March 31, 2007 as restated		<u>669,477</u>	<u>70,929</u>	<u>332,965</u>	<u>20,061</u>	<u>427,553</u>	<u>851,508</u>	<u>1,520,985</u>

**Condensed Interim Statement of Changes in Equity - Continued
for the quarter ended March 31, 2008 (unaudited)**

UNILEVER PAKISTAN LIMITED

	Note	Share Capital	Reserves			Revenue	Sub total	Total
			Capital		Other			
			Difference of capital under schemes of arrangements for amalgamations	Contingency				
← (Rupees in thousand) →								
Balance as at January 1, 2008		669,477	70,929	363,106	33,895	842,420	1,310,350	1,979,827
Net profit for the quarter ended March 31, 2008		-	-	-	-	518,927	518,927	518,927
Transferred from surplus on revaluation of fixed assets - net of deferred taxation:								
- incremental depreciation for the period		-	-	-	-	157	157	157
Transferred from unappropriated profit to contingency reserve	3.1	-	-	16,036	-	(16,036)	-	-
Employee benefits cost under IFRS- 2 "Share- based Payment"		-	-	-	4,730	-	4,730	4,730
Dividends								
For the year ended December 31, 2007								
- On cumulative preference shares		-	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs 63 per share		-	-	-	-	(837,514)	(837,514)	(837,514)
Balance as at March 31, 2008		<u>669,477</u>	<u>70,929</u>	<u>379,142</u>	<u>38,625</u>	<u>507,715</u>	<u>996,411</u>	<u>1,665,888</u>

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

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director

**Notes to the Condensed Interim Financial Statements
for the quarter ended March 31, 2008 (unaudited)**

1. Basis of preparation

These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard No. 34, 'Interim Financial Reporting' and are being submitted to shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges.

The present accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended December 31, 2007.

2. Property, plant and equipment

	Unaudited March 31, 2008	Audited December 31, 2007
	← (Rupees in thousand) →	
Operating assets - at net book value	3,503,850	3,097,121
Capital work in progress - at cost	379,601	416,378
	<u>3,883,451</u>	<u>3,513,499</u>

2.1 Details of additions and disposals to operating assets during the three months ended March 31, 2008 are:

	Additions (at cost)		Disposals (at net book value)	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
	← (Rupees in thousand) →			
Owned				
Building on Freehold Land	30,016	8,262	-	-
Building on Leasehold Land	496	-	-	-
Plant and Machinery	453,390	334,127	552	413
Electrical, Mechanical and Office Equipment	10,422	1,225	4	27
Furniture and Fittings	418	266	-	24
Motor Vehicles	3,887	13,454	6,196	-
Assets held under Finance Leases				
Motor Vehicles	13,727	44,530	343	2,449
	<u>512,356</u>	<u>401,864</u>	<u>7,095</u>	<u>2,913</u>

3. Contingency & Commitments

3.1 Contingency

The contingency amount reported in respect of Sindh Development Infrastructure Fee / Cess in the annual financial statements has increased to Rs 379.14 million as at March 31, 2008 (December 31, 2007: Rs 363.11 million). There has been no change in its status from December 31, 2007.

3.2 Commitments

Aggregate commitments for capital expenditure as at March 31, 2008 amounted to Rs 376.56 million (December 31, 2007: Rs 607.60 million).

4. Segment Analysis

UNILEVER PAKISTAN LIMITED

4.1 For the quarter ended March 31, 2008

	Home and Personal Care	Beverages	Ice Cream	Other	Total
	(Rupees in thousand)				
Gross sales	4,462,172	3,130,276	926,567	179,550	8,698,565
Sales tax	(634,396)	(446,113)	(151,286)	-	(1,231,795)
Federal excise duty	(174,596)	(25,700)	(7,543)	-	(207,839)
	(808,992)	(471,813)	(158,829)	-	(1,439,634)
Sales excluding sales tax and federal excise duty	3,653,180	2,658,463	767,738	179,550	7,258,931
Rebates and allowances	(315,660)	(127,556)	(79,731)	(7,000)	(529,947)
	3,337,520	2,530,907	688,007	172,550	6,728,984
Cost of sales	(1,825,799)	(1,883,825)	(496,967)	(108,712)	(4,315,303)
Gross profit	1,511,721	647,082	191,040	63,838	2,413,681
Distribution costs	(627,903)	(349,365)	(222,372)	(45,993)	(1,245,633)
Administrative expenses	(104,561)	(76,015)	(30,581)	(6,523)	(217,680)
Segment result	779,257	221,702	(61,913)	11,322	950,368
Other operating expenses					(75,210)
Other operating income					23,360
Profit from operations					898,518
Finance costs					(63,648)
Profit before taxation					834,870
Taxation					(315,943)
Profit after taxation					518,927

4.2 For the quarter ended March 31, 2007 - Restated

UNILEVER PAKISTAN LIMITED

	Home and Personal Care	Beverages	Ice Cream	Other	Total
	← (Rupees in thousand) →				
Gross sales	3,233,775	2,979,785	834,678	137,061	7,185,299
Sales tax	(468,501)	(428,347)	(137,016)	-	(1,033,864)
Federal excise duty	(110,356)	-	-	-	(110,356)
	<u>(578,857)</u>	<u>(428,347)</u>	<u>(137,016)</u>	<u>-</u>	<u>(1,144,220)</u>
Sales excluding sales tax and federal excise duty	2,654,918	2,551,438	697,662	137,061	6,041,079
Rebates and allowances	(218,433)	(121,471)	(46,529)	(3,083)	(389,516)
	<u>2,436,485</u>	<u>2,429,967</u>	<u>651,133</u>	<u>133,978</u>	<u>5,651,563</u>
Cost of sales	(1,322,858)	(1,709,553)	(404,290)	(83,592)	(3,520,293)
Gross profit	1,113,627	720,414	246,843	50,386	2,131,270
Distribution costs	(572,794)	(401,595)	(178,559)	(25,686)	(1,178,634)
Administrative expenses	(96,828)	(109,088)	(31,642)	(4,878)	(242,436)
Segment result	<u>444,005</u>	<u>209,731</u>	<u>36,642</u>	<u>19,822</u>	<u>710,200</u>
Other operating expenses					(64,051)
Other operating income					87,950
Profit from operations					734,099
Finance costs					(46,685)
Profit before taxation					687,414
Taxation					(242,209)
Profit after taxation					<u>445,205</u>

5. Related Party Transactions

Relationship with the Company	Nature of transactions	Jan - Mar 2008	Jan - Mar 2007
(Rupees in thousand)			
i Ultimate parent company:	Royalty and Technical Services Fee	262,461	190,733
ii Associated companies:	Purchase of goods	1,615,732	1,503,926
	Purchase of services	6,323	2,535
	Sale of services	8,388	6,352
	Reciprocal arrangements for sharing of common costs	4,125	2,901
iii Third parties whose manufacturing processes are dependent on Unilever:	Toll manufacturing	129,211	88,766
iv Company in which close family members of a Director are holding directorship:	Purchase of goods	337,207	209,140
v Key management personnel:	Salaries and other short term employee benefits	13,541	18,230
	Post employment benefits	1,370	1,534
vi Others:	Donations	3,980	228
		March 31, 2008	March 31, 2007

(Rupees in thousand)

6. Cash and cash equivalents

Cash and bank balances	245,103	188,534
Short term borrowings	(1,083,620)	(109,358)
	<u>(838,517)</u>	<u>79,176</u>

7. Monopoly control authority order

As reported in the latest annual financial statements, the Monopoly Control Authority issued an Order dated December 19, 2006 terminating the non-competition agreement and requiring the company to refund the amount of Rs 250 million to Dalda Foods (Private) Limited (DFL) within fifteen days of receipt of the order. The management of the company is of the view that the agreement between the company and DFL is not in violation of the Monopolies and Restrictive Trade Practices Ordinance 1970; and subsequently filed an appeal in the High Court against the order. The appeal has been admitted and the operation of MCA's order has been stayed till the disposal of the appeal.

8. Corresponding figures

Prior period figures have been reclassified for the purpose of better presentation and comparison. Changes made during the period are as follows:

- 8.1** Upon adoption of IFRS - 2 "Share-based payment", the company has retrospectively, adopted accounting policy with respect to recognition of employee benefits cost arising from conditional award of shares of Unilever PLC, UK and Unilever NV, Netherlands. Accordingly comparative amounts in respect of profit for the period and equity have been restated by Rs 3.45 million. For all periods prior to January 1, 2007 adjustment has been made through opening balance of unappropriated profit.

8.2 Reclassification from component	Reclassification to component	Amount (Rupees in thousand)
Contract personnel expense of factories		
Administrative expenses- Other expense	Cost of sales- Staff Cost	39,643

9. Date of issue

These Condensed Interim financial statements have been authorised for issue on April 24, 2008 by the Board of Directors of the Company.