



Unilever

**UNILEVER PAKISTAN LIMITED**

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



# **UNILEVER PAKISTAN LIMITED**

## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

|                       |                            |
|-----------------------|----------------------------|
| Mr. Ehsan A. Malik    | Chairman & Chief Executive |
| Mr. Imran Husain      | Executive Director / CFO   |
| Ms. Shazia Syed       | Executive Director         |
| Mr. Amir R. Paracha   | Executive Director         |
| Ms. Fariyha Subhani   | Executive Director         |
| Mr. Faheem Ahmed Khan | 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. Faheem Ahmed Khan | 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](http://www.unileverpakistan.com.pk)

## UNILEVER PAKISTAN LIMITED

### Directors' Report

Sales in first half of 2012 grew by 12%, with growth accelerating in Q2. Gross margin increased by 270 bps as a result of better cost absorption and improved sales mix. Advertising and promotion spend was lower than the corresponding period last year in which we introduced 5 new brands and additional formats to reach more consumers. Higher sales, improved mix from a broader portfolio, lower advertising expenditure, coupled with tax efficiencies resulted in Earnings Per Share growth of 57% in the first half.

### Financial Highlights

|                          | Half year ended June 30, |            |            |
|--------------------------|--------------------------|------------|------------|
|                          | 2012                     | 2011       | Increase % |
|                          | (Rupees in thousands)    |            |            |
| Net Sales                | <b>27,800,177</b>        | 24,803,134 | 12%        |
| Profit before taxation   | <b>3,434,548</b>         | 2,263,956  | 52%        |
| Profit after taxation    | <b>2,404,891</b>         | 1,531,530  | 57%        |
| Earnings per Share (Rs.) | <b>180.90</b>            | 115.20     | 57%        |

### Home and Personal Care (HPC)

HPC, which is over 50% of total sales, continued its strong performance. In addition to the six brands launched during 2011, we added two more brands, Domex and Pepsodent, and introduced the new Ponds Facewash range. Strong media campaigns accompanied these launches and helped HPC post a healthy 17% sales growth. Removal of Federal Excise Duty on shampoos and creams, benefit of which has been passed to consumers, will help accelerate penetration and use of these products.

### Beverages

Despite rampant smuggling of tea, Beverages posted a 6% growth this half year.

Following many years of representations, the government reduced tax levies on tea. We immediately passed on the benefit to consumers through lower prices. This should create a more level playing field and in time generate more revenues for the exchequer.

### Spreads

The spreads business registered a 15% top line growth as we continue to focus on visibility and availability, backed by media campaigns.

### Ice Cream

Ice Cream continues to face power outages. Q1 sales suffered from an extended winter. Nevertheless the business posted growth of 6% in the first half on the back of recent launches - Cornetto "Fruity Yo", Strawberry-Badami and Magnum "Royal Treatment". These were backed by the "Share Happy" activation program to engage the consumers.

## **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 give us the confidence to deliver exceptional value to consumers, customers and shareholders. A more level playing field in tea and removal of Federal Excise Tax on shampoos and creams should have a positive impact.

On behalf of the Board

Ehsan A. Malik  
Chairman and Chief Executive

Karachi  
August 03, 2012

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

## **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Unilever Pakistan 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 10, 2012

Name of the engagement partner: Farrukh Rehman

# UNILEVER PAKISTAN LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2012

|  | Note | Unaudited<br>June 30,<br>2012 | Audited<br>December 31,<br>2011 |
|--|------|-------------------------------|---------------------------------|
| (Rupees in thousand)   |      |                               |                                 |
| <b>ASSETS</b>  |      |                               |                                 |
| <b>Non-current assets</b>  |      |                               |                                 |
| Property, plant and equipment  | 4    | 6,240,140                     | 5,717,231                       |
| Intangible - computer software   |      | 1,166,791                     | 1,288,730                       |
| Long term investments  |      | 95,202                        | 95,202                          |
| Long term loans  |      | 124,118                       | 115,256                         |
| Long term deposits and prepayments                                       |      | 26,878                        | 25,761                          |
| Retirement benefits - prepayments  |      | 112,038                       | 114,877                         |
|  |      | <u>7,765,167</u>              | <u>7,357,057</u>                |
| <b>Current assets</b>  |      |                               |                                 |
| Stores and spares  |      | 478,172                       | 347,520                         |
| Stock in trade   |      | 5,676,300                     | 5,204,390                       |
| Trade debts  |      | 1,022,939                     | 833,179                         |
| Loans and advances   |      | 125,416                       | 160,194                         |
| Trade deposits and short term prepayments                                |      | 467,458                       | 574,205                         |
| Other receivables  |      | 305,738                       | 147,583                         |
| Tax refunds due from the Government                                      |      | 998,263                       | 394,715                         |
| Cash and bank balances   |      | 497,361                       | 957,459                         |
|  |      | <u>9,571,647</u>              | <u>8,619,245</u>                |
| <b>Total assets</b>  |      | <u><u>17,336,814</u></u>      | <u><u>15,976,302</u></u>        |
| <b>EQUITY AND LIABILITIES</b>  |      |                               |                                 |
| <b>Capital and reserves</b>  |      |                               |                                 |
| Share capital  |      | 669,477                       | 669,477                         |
| Reserves   |      | 2,358,004                     | 3,502,489                       |
|  |      | <u>3,027,481</u>              | <u>4,171,966</u>                |
| <b>Surplus on revaluation of fixed assets</b>                            |      | 11,344                        | 11,669                          |
| <b>Liabilities</b>   |      |                               |                                 |
| <b>Non-current liabilities</b>   |      |                               |                                 |
| Liabilities against assets subject to finance leases                     |      | -                             | 3,291                           |
| Deferred taxation  |      | 592,958                       | 381,064                         |
| Retirement benefits - obligations  |      | 369,697                       | 462,106                         |
|  |      | <u>962,655</u>                | <u>846,461</u>                  |
| <b>Current liabilities</b>   |      |                               |                                 |
| Trade and other payables   |      | 11,084,213                    | 10,096,698                      |
| Accrued interest / mark up   |      | 8,194                         | 9,630                           |
| Short term borrowings  |      | 1,691,230                     | 292,534                         |
| Current maturity of liabilities against assets subject to finance leases |      | 2,032                         | 13,229                          |
| Provisions   |      | 549,665                       | 534,115                         |
|  |      | <u>13,335,334</u>             | <u>10,946,206</u>               |
| <b>Total liabilities</b>   |      | <u>14,297,989</u>             | <u>11,792,667</u>               |
| <b>Contingencies and commitments</b>                                     | 5    |                               |                                 |
| <b>Total equity and liabilities</b>                                      |      | <u><u>17,336,814</u></u>      | <u><u>15,976,302</u></u>        |

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN LIMITED

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

|                                   | Note | Quarter ended      |                  | Half year ended     |                  |
|-----------------------------------|------|--------------------|------------------|---------------------|------------------|
|                                   |      | June 30,<br>2012   | June 30,<br>2011 | June 30,<br>2012    | June 30,<br>2011 |
| ← (Rupees in thousand) →          |      |                    |                  |                     |                  |
| Sales                             | 6    | <b>14,318,153</b>  | 12,632,803       | <b>27,800,177</b>   | 24,803,134       |
| Cost of sales                     |      | <b>(8,787,185)</b> | (8,331,458)      | <b>(17,686,243)</b> | (16,453,448)     |
| Gross profit                      |      | <b>5,530,968</b>   | 4,301,345        | <b>10,113,934</b>   | 8,349,686        |
| Distribution costs                |      | <b>(2,873,595)</b> | (2,984,908)      | <b>(5,525,605)</b>  | (5,307,047)      |
| Administrative expenses           |      | <b>(471,538)</b>   | (395,520)        | <b>(900,086)</b>    | (724,336)        |
| Other operating expenses          |      | <b>(156,148)</b>   | (87,346)         | <b>(266,518)</b>    | (190,422)        |
| Other operating income            |      | <b>141,991</b>     | 132,361          | <b>246,940</b>      | 228,080          |
|                                   |      | <b>2,171,678</b>   | 965,932          | <b>3,668,665</b>    | 2,355,961        |
| Restructuring cost                |      | -                  | (25,000)         | -                   | (45,000)         |
| <b>Profit from operations</b>     |      | <b>2,171,678</b>   | 940,932          | <b>3,668,665</b>    | 2,310,961        |
| Finance costs                     |      | <b>(203,327)</b>   | (26,743)         | <b>(234,117)</b>    | (47,005)         |
| <b>Profit before taxation</b>     |      | <b>1,968,351</b>   | 914,189          | <b>3,434,548</b>    | 2,263,956        |
| Taxation                          |      | <b>(603,923)</b>   | (281,286)        | <b>(1,029,657)</b>  | (732,426)        |
| <b>Profit after taxation</b>      |      | <b>1,364,428</b>   | 632,903          | <b>2,404,891</b>    | 1,531,530        |
| Other comprehensive income        |      | -                  | -                | -                   | -                |
| <b>Total comprehensive income</b> |      | <b>1,364,428</b>   | 632,903          | <b>2,404,891</b>    | 1,531,530        |
| Earnings per share                |      |                    |                  |                     |                  |
| - Basic (Rupees)                  |      | <b>102.64</b>      | 47.61            | <b>180.90</b>       | 115.20           |

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer

**UNILEVER PAKISTAN LIMITED****CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED JUNE 30, 2012 (UNAUDITED)**

|   | June 30,<br>2012     | June 30,<br>2011 |
|---|----------------------|------------------|
|   | (Rupees in thousand) |                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |                      |                  |
| Profit before taxation                                    | 3,434,548            | 2,263,956        |
| <b>Adjustments for non-cash charges and other items</b>   |                      |                  |
| Depreciation  | 307,701              | 277,375          |
| Amortisation of Intangible - computer software            | 134,480              | -                |
| Gain on disposal of property, plant and equipment         | (12,444)             | (12,542)         |
| Mark-up on short term borrowings                          | 69,012               | 44,577           |
| Finance charge on finance leases                          | 269                  | 2,428            |
| Provision for staff retirement benefits                   | 60,291               | 54,190           |
| Return on savings accounts and deposit accounts           | (28,117)             | (31,502)         |
|   | 531,192              | 334,526          |
|   | <u>3,965,740</u>     | <u>2,598,482</u> |
| <b>EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES</b> |                      |                  |
| (Increase) / decrease in current assets                   |                      |                  |
| Stores and spares   | (130,652)            | (21,106)         |
| Stock in trade  | (471,910)            | (1,868,131)      |
| Trade debts   | (189,760)            | (190,790)        |
| Loans and advances  | 34,778               | 9,627            |
| Trade deposits and short term prepayments                 | 106,747              | (105,476)        |
| Other receivables   | (158,155)            | (99,049)         |
|   | (808,952)            | (2,274,925)      |
| Increase in current liabilities                           |                      |                  |
| Trade and other payables                                  | 967,822              | 2,857,739        |
| Provisions  | 15,550               | 75,936           |
|   | 983,372              | 2,933,675        |
| Cash generated from operations-(carried forward)          | <u>4,140,160</u>     | <u>3,257,232</u> |



# UNILEVER PAKISTAN LIMITED

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

|   | Note | June 30,<br>2012          | June 30,<br>2011      |
|---|------|---------------------------|-----------------------|
|   |      | (Rupees in thousand)      |                       |
| Cash generated from operations-(brought forward)            |      | <b>4,140,160</b>          | 3,257,232             |
| Mark-up on short term borrowings                            |      | <b>(70,448)</b>           | (59,463)              |
| Income tax paid   |      | <b>(1,421,311)</b>        | (1,244,630)           |
| Retirement benefits - obligations paid                      |      | <b>(149,861)</b>          | (6,820)               |
| Increase in long term loans                                 |      | <b>(8,862)</b>            | (18,646)              |
| (Increase) / decrease in long term deposits and prepayments |      | <b>(1,117)</b>            | 5,253                 |
| Net cash from operating activities                          |      | <b>2,488,561</b>          | 1,932,926             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |      |                           |                       |
| Purchase of property, plant and equipment                   |      | <b>(837,971)</b>          | (484,643)             |
| Payment for Intangible - computer software                  |      | <b>-</b>                  | (590,876)             |
| Sale proceeds on disposal of property, plant and equipment  |      | <b>19,805</b>             | 19,961                |
| Return received on savings accounts and deposit accounts    |      | <b>28,117</b>             | 31,502                |
| Net cash used in investing activities                       |      | <b>(790,049)</b>          | (1,024,056)           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |      |                           |                       |
| Dividends paid  |      | <b>(3,542,549)</b>        | (2,082,118)           |
| Finance lease obligation paid                               |      | <b>(14,757)</b>           | (22,611)              |
| Net cash used in financing activities                       |      | <b>(3,557,306)</b>        | (2,104,729)           |
| Net decrease in cash and cash equivalents                   |      | <b>(1,858,794)</b>        | (1,195,859)           |
| Cash and cash equivalents at the beginning of the period    |      | <b>664,925</b>            | 1,460,967             |
| Cash and cash equivalents at the end of the period          | 7    | <b><u>(1,193,869)</u></b> | <b><u>265,108</u></b> |

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN LIMITED

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

|   | SHARE<br>CAPITAL | RESERVES   |                |                          | SUB TOTAL        | TOTAL            |
|---|------------------|--|----------------|--------------------------|------------------|------------------|
|   |                  | CAPITAL  |                | REVENUE                  |                  |                  |
|   |                  | Arising<br>under schemes<br>of arrangements<br>for amalgamations | Contingency    | Unappropriated<br>profit |                  |                  |
| (Rupees in thousand)  |                  |  |                |                          |                  |                  |
| Balance as at January 1, 2011   | 669,477          | 70,929   | 321,471        | 2,498,441                | 2,890,841        | 3,560,318        |
| Total comprehensive income for the half year ended June 30, 2011                    | -                | -  | -              | 1,531,530                | 1,531,530        | 1,531,530        |
| Transferred from surplus on revaluation of fixed assets - net of deferred taxation: |                  |  |                |                          |                  |                  |
| - Incremental depreciation for the period   | -                | -  | -              | 325                      | 325              | 325              |
| Dividends   |                  |  |                |                          |                  |                  |
| For the year ended December 31, 2010  |                  |  |                |                          |                  |                  |
| - On cumulative preference shares @ 5% per share                                    | -                | -  | -              | (239)                    | (239)            | (239)            |
| - Final dividend on ordinary shares @ Rs. 157 per share                             | -                | -  | -              | (2,087,137)              | (2,087,137)      | (2,087,137)      |
| <b>Balance as at June 30, 2011</b>  | <b>669,477</b>   | <b>70,929</b>  | <b>321,471</b> | <b>1,942,920</b>         | <b>2,335,320</b> | <b>3,004,797</b> |
| Total comprehensive income for the half year ended December 31, 2011                | -                | -  | -              | 2,562,702                | 2,562,702        | 2,562,702        |
| Transferred from surplus on revaluation of fixed assets - net of deferred taxation: |                  |  |                |                          |                  |                  |
| - Incremental depreciation for the period   | -                | -  | -              | 323                      | 323              | 323              |
| Dividend  |                  |  |                |                          |                  |                  |
| For the year ended December 31, 2011  |                  |  |                |                          |                  |                  |
| - Interim dividend on ordinary shares @ Rs. 105 per share                           | -                | -  | -              | (1,395,856)              | (1,395,856)      | (1,395,856)      |
| <b>Balance as at January 1, 2012</b>  | <b>669,477</b>   | <b>70,929</b>  | <b>321,471</b> | <b>3,110,089</b>         | <b>3,502,489</b> | <b>4,171,966</b> |
| Total comprehensive income for the half year ended June 30, 2012                    | -                | -  | -              | 2,404,891                | 2,404,891        | 2,404,891        |
| Transferred from surplus on revaluation of fixed assets - net of deferred taxation: |                  |  |                |                          |                  |                  |
| - Incremental depreciation for the period   | -                | -  | -              | 325                      | 325              | 325              |
| Dividends   |                  |  |                |                          |                  |                  |
| For the year ended December 31, 2011  |                  |  |                |                          |                  |                  |
| - On cumulative preference shares @ 5% per share                                    | -                | -  | -              | (239)                    | (239)            | (239)            |
| - Final dividend on ordinary shares @ Rs. 202 per share                             | -                | -  | -              | (2,685,362)              | (2,685,362)      | (2,685,362)      |
| For the year ending December 31, 2012   |                  |  |                |                          |                  |                  |
| - Interim dividend on ordinary shares @ Rs. 65 per share                            | -                | -  | -              | (864,100)                | (864,100)        | (864,100)        |
| <b>Balance as at June 30, 2012</b>  | <b>669,477</b>   | <b>70,929</b>  | <b>321,471</b> | <b>1,965,604</b>         | <b>2,358,004</b> | <b>3,027,481</b> |

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN LIMITED

## NOTES TO 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 Limited (the Company) for the half year ended June 30, 2012 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, 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 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, 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.

|   | <b>Unaudited<br/>June 30,<br/>2012</b> | Audited<br>December 31,<br>2011 |
|---|--|---------------------------------|
| <b>4. PROPERTY, PLANT AND EQUIPMENT</b> |  |                                 |
| Operating assets - at net book value    | <b>5,690,135</b>                       | 4,526,190                       |
| Capital work in progress - at cost      |  |                                 |
| Civil works                             | <b>9,005</b>                           | 5,187                           |
| Plant and machinery                     | <b>541,000</b>                         | 1,185,854                       |
|   | <b>550,005</b>                         | 1,191,041                       |
|   | <b>6,240,140</b>                       | 5,717,231                       |

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

|   | Additions<br>(at cost) |                  | Disposals<br>(at net book value) |                  |
|---|------------------------|------------------|----------------------------------|------------------|
|   | June 30,<br>2012       | June 30,<br>2011 | June 30,<br>2012                 | June 30,<br>2011 |
|   | (Rupees in thousand)   |                  |                                  |                  |
| <b>Owned</b>                                |                        |                  |                                  |                  |
| Building on freehold land                   | 11,362                 | 8,633            | -                                | -                |
| Plant and machinery                         | 1,352,184              | 188,244          | 7,277                            | -                |
| Electrical, mechanical and office equipment | 115,461                | 105,269          | -                                | 6,057            |
| Furniture and fittings                      | -                      | 1,574            | -                                | -                |
| Motor vehicles                              | -                      | 7,850            | -                                | -                |
| <b>Assets held under finance leases</b>     |                        |                  |                                  |                  |
| Motor vehicles                              | -                      | 146              | 84                               | 1,362            |
|   | <b>1,479,007</b>       | <b>311,716</b>   | <b>7,361</b>                     | <b>7,419</b>     |

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There has been no change in status of contingencies 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. 968.89 million (December 31, 2011: Rs. 845.96 million).

6. SEGMENT ANALYSIS

6.1 SEGMENT RESULTS

|  | Home and Personal Care | Beverages | Ice Cream | Spreads | Total      |
|--|------------------------|-----------|-----------|---------|------------|
|  | (Rupees in thousand)   |           |           |         |            |
| <b>For the quarter ended June 30, 2012</b> |                        |           |           |         |            |
| Revenue                                    | 8,079,497              | 3,256,025 | 2,538,816 | 443,815 | 14,318,153 |
| Segment results                            | 1,361,949              | 446,873   | 344,394   | 32,619  | 2,185,835  |
| <b>For the quarter ended June 30, 2011</b> |                        |           |           |         |            |
| Revenue                                    | 6,909,068              | 3,091,476 | 2,229,563 | 402,696 | 12,632,803 |
| Segment results                            | 570,715                | 117,340   | 226,141   | 6,721   | 920,917    |
| <b>For half year ended June 30, 2012</b>   |                        |           |           |         |            |
| Revenue                                    | 15,671,494             | 7,692,218 | 3,558,526 | 877,939 | 27,800,177 |
| Segment results                            | 2,386,384              | 982,886   | 164,138   | 154,835 | 3,688,243  |
| <b>For half year ended June 30, 2011</b>   |                        |           |           |         |            |
| Revenue                                    | 13,407,212             | 7,285,342 | 3,347,826 | 762,754 | 24,803,134 |
| Segment results                            | 1,525,517              | 527,791   | 213,881   | 51,114  | 2,318,303  |

Reconciliation of segment results with profit after tax is as follows:

|                                       | Quarter ended        |                  | Half year ended  |                  |
|---------------------------------------|----------------------|------------------|------------------|------------------|
|                                       | June 30,<br>2012     | June 30,<br>2011 | June 30,<br>2012 | June 30,<br>2011 |
|                                       | (Rupees in thousand) |                  |                  |                  |
| Total results for reportable segments | 2,185,835            | 920,917          | 3,688,243        | 2,318,303        |
| Other operating expenses              | (156,148)            | (87,346)         | (266,518)        | (190,422)        |
| Other operating income                | 141,991              | 132,361          | 246,940          | 228,080          |
| Restructuring costs                   | -                    | (25,000)         | -                | (45,000)         |
| Finance costs                         | (203,327)            | (26,743)         | (234,117)        | (47,005)         |
| Taxation                              | (603,923)            | (281,286)        | (1,029,657)      | (732,426)        |
| Profit after tax                      | <b>1,364,428</b>     | <b>632,903</b>   | <b>2,404,891</b> | <b>1,531,530</b> |

## 6.2 SEGMENT ASSETS

|  | Home and<br>Personal<br>Care | Beverages        | Ice Cream        | Spreads        | Total             |
|--|------------------------------|------------------|------------------|----------------|-------------------|
|  | ← (Rupees in thousand) →     |                  |                  |                |                   |
| <b>As at June 30, 2012-<br/>Unaudited</b>    |                              |                  |                  |                |                   |
| Segment assets                               | <u>7,150,683</u>             | <u>2,021,311</u> | <u>4,090,753</u> | <u>261,989</u> | <u>13,524,736</u> |
| <b>As at December 31, 2011 -<br/>Audited</b> |                              |                  |                  |                |                   |
| Segment assets                               | <u>5,543,362</u>             | <u>2,169,913</u> | <u>3,687,574</u> | <u>197,067</u> | <u>11,597,916</u> |

Reconciliation of segment assets with total assets in the balance sheet is as follows:

|                               | <b>Unaudited<br/>June 30,<br/>2012</b> | Audited<br>December 31,<br>2011 |
|-------------------------------|--|---------------------------------|
|                               | (Rupees in thousand)                   |                                 |
| Total for reportable segments | <b>13,524,736</b>                      | 11,597,916                      |
| Unallocated assets            | <u>3,812,078</u>                       | <u>4,378,386</u>                |
| Total as per balance sheet    | <u><b>17,336,814</b></u>               | <u>15,976,302</u>               |

## 7. CASH AND CASH EQUIVALENTS

|                        | <b>June 30,<br/>2012</b>  | <b>June 30,<br/>2011</b> |
|------------------------|---------------------------|--------------------------|
|                        | (Rupees in thousand)      |                          |
| Cash and bank balances | <b>497,361</b>            | 406,151                  |
| Short term borrowings  | <u>(1,691,230)</u>        | <u>(141,043)</u>         |
|                        | <u><b>(1,193,869)</b></u> | <u>265,108</u>           |

## 8. RELATED PARTY TRANSACTIONS

Significant related party transactions during the period are as follows:

| Relationship with the<br>company | Nature of transactions  | <b>June 30,<br/>2012</b> | June 30,<br>2011 |
|----------------------------------|---|--------------------------|------------------|
|                                  |   | (Rupees in thousand)     |                  |
| i. Ultimate parent company:      | Royalty and technical fee                                     | <b>949,223</b>           | 880,963          |
| ii. Other related parties:       | Purchase of goods and services                                | <b>6,712,407</b>         | 6,120,717        |
|                                  | Sale of goods   | <b>3,264</b>             | 4,759            |
|                                  | Fee for receiving of services from related party              | <b>14,929</b>            | 30,758           |
|                                  | Payment to related parties for Intangible - computer software | -                        | 279,300          |
|                                  | Fee for providing of services to related parties              | <b>149,494</b>           | 124,717          |
|                                  | Contribution to:  |                          |                  |
|                                  | - Defined Contribution plans                                  | <b>104,862</b>           | 86,583           |
|                                  | - Defined Benefit plans                                       | <b>50,702</b>            | -                |
|                                  | Settlement on behalf of:                                      |                          |                  |
|                                  | - Defined Contribution plans                                  | <b>257,785</b>           | 227,223          |
|                                  | - Defined Benefit plans                                       | <b>137,512</b>           | 169,171          |
|                                  | Payment made on behalf of related party                       | <b>11,986</b>            | -                |
| iii. Key management personnel:   | Salaries and other short-term employee benefits               | <b>69,035</b>            | 53,706           |
|                                  | Post-employment benefits                                      | <b>5,449</b>             | 4,892            |
| iv. Others:                      | Donations   | <b>7,000</b>             | 2,869            |

**9. MONOPOLY CONTROL AUTHORITY ORDER**

There is no change in status as reported in the latest annual financial statements regarding the Monopoly Control Authority (MCA) Order terminating the non-competition agreement, requiring the Company to refund the amount of Rs. 250 million to Dalda Foods (Private) Limited (DFL). The management is of the view that the agreement between the Company and DFL is not in the violation of Monopolies and Restrictive Trade Practices Ordinance 1970. The Company filed an appeal in the High Court of Sindh and the operation of MCA's order was stayed. At present, the appeal is pending for hearing.

**10. INTERIM DIVIDEND**

The Board of Directors in its meeting held on August 3, 2012 declared cash dividend in respect of half year ended June 30, 2012 of Rs. 65 per share amounting to Rs. 864 million in addition to first interim cash dividend already declared and paid in respect of quarter ended March 31, 2012 of Rs. 65 per share (Quarter ended March 31, 2011: nil) amounting to Rs. 864 million (Interim cash dividend for half year ended June 30, 2011: Rs. 105 per share amounting to Rs. 1.396 billion).

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.

**11. DATE OF ISSUE**

This condensed interim financial information has been authorised for issue on August 3, 2012 by the Board of Directors of the Company.

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

Unilever Pakistan Limited  
and its Subsidiary Companies

**UNILEVER PAKISTAN LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT JUNE30, 2012**

|  | Note | Unaudited<br>June 30,<br>2012 | Audited<br>December 31,<br>2011 |
|--|------|-------------------------------|---------------------------------|
| (Rupees in thousand)   |      |                               |                                 |
| <b>ASSETS</b>  |      |                               |                                 |
| <b>Non-current assets</b>  |      |                               |                                 |
| Property, plant and equipment  | 4    | 6,240,140                     | 5,717,231                       |
| Intangible - computer software   |      | 1,166,791                     | 1,288,730                       |
| Long term investment   |      | 200                           | 200                             |
| Long term loans  |      | 124,118                       | 115,256                         |
| Long term deposits and prepayments                                       |      | 26,878                        | 25,761                          |
| Retirement benefits - prepayments  |      | 112,038                       | 114,877                         |
|  |      | <u>7,670,165</u>              | <u>7,262,055</u>                |
| <b>Current assets</b>  |      |                               |                                 |
| Stores and spares  |      | 478,172                       | 347,520                         |
| Stock in trade   |      | 5,676,300                     | 5,204,390                       |
| Trade debts  |      | 1,022,939                     | 833,179                         |
| Loans and advances   |      | 125,416                       | 160,194                         |
| Trade deposits and short term prepayments                                |      | 467,458                       | 574,205                         |
| Other receivables  |      | 305,738                       | 147,583                         |
| Tax refunds due from the Government                                      |      | 998,263                       | 394,715                         |
| Investment - held to maturity  |      | 14,565                        | 155,935                         |
| Cash and bank balances   |      | 651,151                       | 962,086                         |
|  |      | <u>9,740,002</u>              | <u>8,779,807</u>                |
| <b>Total assets</b>  |      | <u><u>17,410,167</u></u>      | <u><u>16,041,862</u></u>        |
| <b>EQUITY AND LIABILITIES</b>  |      |                               |                                 |
| <b>Capital and reserves</b>  |      |                               |                                 |
| Share capital  |      | 669,477                       | 669,477                         |
| Reserves   |      | 2,427,878                     | 3,565,319                       |
|  |      | <u>3,097,355</u>              | <u>4,234,796</u>                |
| <b>Surplus on revaluation of fixed assets</b>                            |      | 11,344                        | 11,669                          |
| <b>Liabilities</b>   |      |                               |                                 |
| <b>Non-current liabilities</b>   |      |                               |                                 |
| Liabilities against assets subject to finance leases                     |      | -                             | 3,291                           |
| Deferred taxation  |      | 592,958                       | 381,064                         |
| Retirement benefits - obligations  |      | 369,697                       | 462,106                         |
|  |      | <u>962,655</u>                | <u>846,461</u>                  |
| <b>Current liabilities</b>   |      |                               |                                 |
| Trade and other payables   |      | 11,085,864                    | 10,098,375                      |
| Taxation - provision less payments                                       |      | 1,828                         | 1,053                           |
| Accrued interest / mark up   |      | 8,194                         | 9,630                           |
| Short term borrowings  |      | 1,691,230                     | 292,534                         |
| Current maturity of liabilities against assets subject to finance leases |      | 2,032                         | 13,229                          |
| Provisions   |      | 549,665                       | 534,115                         |
|  |      | <u>13,338,813</u>             | <u>10,948,936</u>               |
| <b>Total liabilities</b>   |      | <u>14,301,468</u>             | <u>11,795,397</u>               |
| <b>Contingencies and commitments</b>                                     | 5    |                               |                                 |
| <b>Total equity and liabilities</b>                                      |      | <u><u>17,410,167</u></u>      | <u><u>16,041,862</u></u>        |

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer



**UNILEVER PAKISTAN LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE HALF YEAR ENDED JUNE 30, 2012 (UNAUDITED)**

|                                   | Note | Quarter ended            |                  | Half year ended     |                  |
|-----------------------------------|------|--------------------------|------------------|---------------------|------------------|
|                                   |      | June 30,<br>2012         | June 30,<br>2011 | June 30,<br>2012    | June 30,<br>2011 |
|                                   |      | ← (Rupees in thousand) → |                  |                     |                  |
| Sales                             | 6    | <b>14,318,153</b>        | 12,632,803       | <b>27,800,177</b>   | 24,803,134       |
| Cost of sales                     |      | <b>(8,787,185)</b>       | (8,331,458)      | <b>(17,686,243)</b> | (16,453,448)     |
| Gross profit                      |      | <b>5,530,968</b>         | 4,301,345        | <b>10,113,934</b>   | 8,349,686        |
| Distribution costs                |      | <b>(2,873,595)</b>       | (2,984,908)      | <b>(5,525,605)</b>  | (5,307,047)      |
| Administrative expenses           |      | <b>(471,538)</b>         | (395,607)        | <b>(900,086)</b>    | (724,436)        |
| Other operating expenses          |      | <b>(156,161)</b>         | (87,346)         | <b>(266,531)</b>    | (190,422)        |
| Other operating income            |      | <b>157,064</b>           | 138,942          | <b>257,790</b>      | 235,982          |
|                                   |      | <b>2,186,738</b>         | 972,426          | <b>3,679,502</b>    | 2,363,763        |
| Restructuring cost                |      | -                        | (25,000)         | -                   | (45,000)         |
| Profit from operations            |      | 2,186,738                | 947,426          | <b>3,679,502</b>    | 2,318,763        |
| Finance costs                     |      | <b>(203,327)</b>         | (26,743)         | <b>(234,117)</b>    | (47,006)         |
| <b>Profit before taxation</b>     |      | <b>1,983,411</b>         | 920,683          | <b>3,445,385</b>    | 2,271,757        |
| Taxation                          |      | <b>(608,969)</b>         | (283,558)        | <b>(1,033,450)</b>  | (735,156)        |
| <b>Profit after taxation</b>      |      | <b>1,374,442</b>         | 637,125          | <b>2,411,935</b>    | 1,536,601        |
| Other comprehensive income        |      | -                        | -                | -                   | -                |
| <b>Total comprehensive income</b> |      | <b>1,374,442</b>         | 637,125          | <b>2,411,935</b>    | 1,536,601        |
| Earnings per share                |      |                          |                  |                     |                  |
| - Basic (Rupees)                  |      | <b>103.39</b>            | 47.93            | <b>181.40</b>       | 115.58           |

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN LIMITED AND ITS SUBSIDIARY COMPANIES

## CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED JUNE 30, 2012 (UNAUDITED)

|   | June 30,<br>2012<br>(Rupees in thousand) | June 30,<br>2011 |
|---|--|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |  |                  |
| Profit before taxation                                    | 3,445,385                                | 2,271,757        |
| <b>Adjustments for non-cash charges and other items</b>   |  |                  |
| Depreciation  | 307,701                                  | 277,375          |
| Amortisation of Intangible - computer software            | 134,480                                  | -                |
| Gain on disposal of property, plant and equipment         | (12,444)                                 | (12,542)         |
| Mark-up on short term borrowings                          | 69,012                                   | 44,577           |
| Finance charge on finance leases                          | 269                                      | 2,428            |
| Provision for staff retirement benefits                   | 60,291                                   | 54,190           |
| Return on savings accounts and deposit accounts           | (38,967)                                 | (39,404)         |
|   | <b>520,3422</b>                          | 326,624          |
|   | <b>3,965,727</b>                         | 2,598,381        |
| <b>EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES</b> |  |                  |
| (Increase) / decrease in current assets                   |  |                  |
| Stores and spares   | (130,652)                                | (21,106)         |
| Stock in trade  | (471,910)                                | (1,868,131)      |
| Trade debts   | (189,760)                                | (190,790)        |
| Loans and advances  | 34,778                                   | 9,627            |
| Trade deposits and short term prepayments                 | 106,747                                  | (105,476)        |
| Other receivables   | (158,155)                                | (102,598)        |
|   | <b>(808,952)</b>                         | (2,278,474)      |
| Increase in current liabilities                           |  |                  |
| Trade and other payables                                  | 967,797                                  | 2,858,010        |
| Provisions  | 15,550                                   | 75,936           |
|   | <b>983,347</b>                           | 2,933,946        |
| Cash generated from operations-(carried forward)          | <b>4,140,122</b>                         | 3,253,853        |

**UNILEVER PAKISTAN LIMITED AND ITS SUBSIDIARY COMPANIES**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED JUNE 30, 2012 (UNAUDITED)-CONTINUED**

|   | Note | <b>June 30,</b><br><b>2012</b> | June 30,<br>2011 |
|---|------|--------------------------------|------------------|
|   |      | (Rupees in thousand)           |                  |
| Cash generated from operations-(brought forward)            |      | <b>4,140,122</b>               | 3,253,853        |
| Mark-up on short term borrowings                            |      | <b>(70,448)</b>                | (59,463)         |
| Income tax paid   |      | <b>(1,424,330)</b>             | (1,246,930)      |
| Retirement benefits - obligations paid                      |      | <b>(149,861)</b>               | (6,820)          |
| Increase in long term loans                                 |      | <b>(8,862)</b>                 | (18,646)         |
| (Increase) / decrease in long term deposits and prepayments |      | <b>(1,117)</b>                 | 5,253            |
| Net cash from operating activities                          |      | <b>2,485,506</b>               | 1,927,247        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |      |                                |                  |
| Purchase of property, plant and equipment                   |      | <b>(837,971)</b>               | (484,643)        |
| Payment for Intangible - computer software                  |      | -                              | (590,876)        |
| Sale proceeds on disposal of property, plant and equipment  |      | <b>19,805</b>                  | 19,961           |
| Encashment of Investments held to maturity                  |      | <b>152,112</b>                 | (745)            |
| Return received on savings accounts and deposit accounts    |      | <b>28,223</b>                  | 39,404           |
| Net cash used in investing activities                       |      | <b>(637,831)</b>               | (1,016,899)      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |      |                                |                  |
| Dividends paid  |      | <b>(3,542,549)</b>             | (2,082,118)      |
| Finance lease obligation paid                               |      | <b>(14,757)</b>                | (22,611)         |
| Net cash used in financing activities                       |      | <b>(3,557,306)</b>             | (2,104,729)      |
| Net decrease in cash and cash equivalents                   |      | <b>(1,709,631)</b>             | (1,194,381)      |
| Cash and cash equivalents at the beginning of the period    |      | <b>669,552</b>                 | 1,465,507        |
| Cash and cash equivalents at the end of the period          | 7    | <b><u>(1,040,079)</u></b>      | <u>271,126</u>   |

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN LIMITED AND ITS SUBSIDIARY COMPANIES

## CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED JUNE 30, 2012 (UNAUDITED)

|   | SHARE<br>CAPITAL | RESERVES   |             |                          | SUB TOTAL   | TOTAL       |
|---|------------------|--|-------------|--------------------------|-------------|-------------|
|   |                  | CAPITAL  |             | REVENUE                  |             |             |
|   |                  | Arising<br>under schemes<br>of arrangements<br>for amalgamations | Contingency | Unappropriated<br>profit |             |             |
| ← (Rupees in thousand) →  |                  |  |             |                          |             |             |
| Balance as at January 1, 2011   | 669,477          | 70,929   | 321,471     | 2,549,656                | 2,942,056   | 3,611,533   |
| Total Comprehensive Income for the half year ended June 30, 2011                    | -                | -  | -           | 1,536,601                | 1,536,601   | 1,536,601   |
| Transferred from surplus on revaluation of fixed assets - net of deferred taxation: |                  |  |             |                          |             |             |
| - Incremental depreciation for the period   | -                | -  | -           | 325                      | 325         | 325         |
| Dividends   |                  |  |             |                          |             |             |
| For the year ended December 31, 2010  |                  |  |             |                          |             |             |
| - On cumulative preference shares @ 5% per share                                    | -                | -  | -           | (239)                    | (239)       | (239)       |
| - Final dividend on ordinary shares @ Rs. 157 per share                             | -                | -  | -           | (2,087,137)              | (2,087,137) | (2,087,137) |
| Balance as at June 30, 2011   | 669,477          | 70,929   | 321,471     | 1,999,206                | 2,391,606   | 3,061,083   |
| Total Comprehensive Income for the half year ended December 31, 2011                | -                | -  | -           | 2,569,246                | 2,569,246   | 2,569,246   |
| Transferred from surplus on revaluation of fixed assets - net of deferred taxation: |                  |  |             |                          |             |             |
| - Incremental depreciation for the period   | -                | -  | -           | 323                      | 323         | 323         |
| Dividend  |                  |  |             |                          |             |             |
| For the half year ended December 31, 2011   |                  |  |             |                          |             |             |
| - Interim dividend on ordinary shares @ Rs. 105 per share                           | -                | -  | -           | (1,395,856)              | (1,395,856) | (1,395,856) |
| Balance as at January 1, 2012   | 669,477          | 70,929   | 321,471     | 3,172,919                | 3,565,319   | 4,234,796   |
| Total Comprehensive Income for the half year ended June 30, 2012                    | -                | -  | -           | 2,411,935                | 2,411,935   | 2,411,935   |
| Transferred from surplus on revaluation of fixed assets - net of deferred taxation: |                  |  |             |                          |             |             |
| - Incremental depreciation for the period   | -                | -  | -           | 325                      | 325         | 325         |
| Dividends   |                  |  |             |                          |             |             |
| For the year ended December 31, 2011  |                  |  |             |                          |             |             |
| - On cumulative preference shares @ 5% per share                                    | -                | -  | -           | (239)                    | (239)       | (239)       |
| - Final dividend on ordinary shares @ Rs. 202 per share                             | -                | -  | -           | (2,685,362)              | (2,685,362) | (2,685,362) |
| For the year ending December 31, 2012   |                  |  |             |                          |             |             |
| - First interim dividend on ordinary shares @ Rs. 65 per share                      | -                | -  | -           | (864,100)                | (864,100)   | (864,100)   |
| Balance as at June 30, 2012   | 669,477          | 70,929   | 321,471     | 2,035,478                | 2,427,878   | 3,097,355   |

The annexed notes 1 to 11 form an integral part of this condensed interim financial information.

**Ehsan A. Malik**  
Chairman & Chief Executive

**Imran Husain**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN LIMITED AND ITS SUBSIDIARY COMPANIES

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF YEAR ENDED JUNE 30, 2012 (UNAUDITED)

### 1. BASIS OF PREPARATION

This condensed interim consolidated financial information includes the financial information of Unilever Pakistan Limited (the parent company), Lever Chemicals (Private) Limited, Lever Associated Pakistan Trust (Private) Limited and Sadiq (Private) Limited. The condensed interim financial information of the subsidiary companies has been consolidated on a line by line basis.

This condensed interim consolidated financial information 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. This condensed interim consolidated financial information is being submitted to the share holders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi and Islamabad Stock Exchanges.

### 2. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2011.

### 3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim consolidated 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 consolidated 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.

|   | <b>Unaudited<br/>June 30,<br/>2012</b> | Audited<br>December 31,<br>2011 |
|---|--|---------------------------------|
|   | (Rupees in thousand)                   |                                 |
| <b>4. PROPERTY, PLANT AND EQUIPMENT</b> |  |                                 |
| Operating assets - at net book value    | <b>5,690,135</b>                       | 4,526,190                       |
| Capital work in progress - at cost      |  |                                 |
| Civil works                             | <b>9,005</b>                           | 5,187                           |
| Plant and machinery                     | <b>541,000</b>                         | 1,185,854                       |
|   | <b>550,005</b>                         | 1,191,041                       |
|   | <b>6,240,140</b>                       | 5,717,231                       |

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

|   | Additions<br>(at cost) |                  | Disposals<br>(at net book value) |                  |
|---|------------------------|------------------|----------------------------------|------------------|
|   | June 30,<br>2012       | June 30,<br>2011 | June 30,<br>2012                 | June 30,<br>2011 |
|   | (Rupees in thousand)   |                  |                                  |                  |
| <b>Owned</b>                                |                        |                  |                                  |                  |
| Building on freehold land                   | 11,362                 | 8,633            | -                                | -                |
| Plant and machinery                         | <b>1,352,184</b>       | 188,244          | <b>7,277</b>                     | -                |
| Electrical, mechanical and office equipment | <b>115,461</b>         | 105,269          | -                                | 6,057            |
| Furniture and fittings                      | -                      | 1,574            | -                                | -                |
| Motor vehicles                              | -                      | 7,850            | -                                | -                |
| <b>Assets held under finance leases</b>     |                        |                  |                                  |                  |
| Motor vehicles                              | -                      | 146              | <b>84</b>                        | 1,362            |
|   | <b>1,479,007</b>       | <b>311,716</b>   | <b>7,361</b>                     | <b>7,419</b>     |

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

There has been no change in status of contingencies 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. 968.89 million (December 31, 2011: Rs. 845.96 million).

6. SEGMENT ANALYSIS

6.1 SEGMENT RESULTS

|  | Home and Personal Care | Beverages        | Ice Cream        | Spreads        | Total             |
|--|------------------------|------------------|------------------|----------------|-------------------|
|  | (Rupees in thousand)   |                  |                  |                |                   |
| <b>For the quarter ended June 30, 2012</b> |                        |                  |                  |                |                   |
| Revenue                                    | <u>8,079,497</u>       | <u>3,256,025</u> | <u>2,538,816</u> | <u>443,815</u> | <u>14,318,153</u> |
| Segment results                            | <u>1,361,949</u>       | <u>446,873</u>   | <u>344,394</u>   | <u>32,619</u>  | <u>2,185,835</u>  |
| <b>For the quarter ended June 30, 2011</b> |                        |                  |                  |                |                   |
| Revenue                                    | <u>6,909,068</u>       | <u>3,091,476</u> | <u>2,229,563</u> | <u>402,696</u> | <u>12,632,803</u> |
| Segment results                            | <u>570,715</u>         | <u>117,340</u>   | <u>226,141</u>   | <u>6,721</u>   | <u>920,917</u>    |
| <b>For half year ended June 30, 2012</b>   |                        |                  |                  |                |                   |
| Revenue                                    | <u>15,671,494</u>      | <u>7,692,218</u> | <u>3,558,526</u> | <u>877,939</u> | <u>27,800,177</u> |
| Segment results                            | <u>2,386,384</u>       | <u>982,886</u>   | <u>164,138</u>   | <u>154,835</u> | <u>3,688,243</u>  |
| <b>For half year ended June 30, 2011</b>   |                        |                  |                  |                |                   |
| Revenue                                    | <u>13,407,212</u>      | <u>7,285,342</u> | <u>3,347,826</u> | <u>762,754</u> | <u>24,803,134</u> |
| Segment results                            | <u>1,525,517</u>       | <u>527,791</u>   | <u>213,881</u>   | <u>51,114</u>  | <u>2,318,303</u>  |

Reconciliation of segment results with profit after tax is as follows:

|                                       | Quarter ended           |                  | Half year ended         |                  |
|---------------------------------------|-------------------------|------------------|-------------------------|------------------|
|                                       | June 30,<br>2012        | June 30,<br>2011 | June 30,<br>2012        | June 30,<br>2011 |
|                                       | (Rupees in thousand)    |                  |                         |                  |
| Total results for reportable segments | <b>2,185,835</b>        | 920,917          | <b>3,688,243</b>        | 2,318,303        |
| Other operating expenses              | <b>(156,161)</b>        | (87,433)         | <b>(266,531)</b>        | (190,522)        |
| Other operating income                | <b>157,064</b>          | 138,942          | <b>257,790</b>          | 235,982          |
| Restructuring costs                   | -                       | (25,000)         | -                       | (45,000)         |
| Finance costs                         | <b>(203,327)</b>        | (26,743)         | <b>(234,117)</b>        | (47,006)         |
| Taxation                              | <b>(608,969)</b>        | (283,558)        | <b>(1,033,450)</b>      | (735,156)        |
| Profit after tax                      | <b><u>1,374,442</u></b> | <u>637,125</u>   | <b><u>2,411,935</u></b> | <u>1,536,601</u> |

## 6.2 SEGMENT ASSETS

|  | Home and<br>Personal<br>Care | Beverages        | Ice Cream        | Spreads        | Total             |
|--|------------------------------|------------------|------------------|----------------|-------------------|
|  | (Rupees in thousand)         |                  |                  |                |                   |
| <b>As at June 30, 2012 -<br/>Unaudited</b>   |                              |                  |                  |                |                   |
| Segment assets                               | <u>7,150,683</u>             | <u>2,021,311</u> | <u>4,090,753</u> | <u>261,989</u> | <u>13,524,736</u> |
| <b>As at December 31, 2011 -<br/>Audited</b> |                              |                  |                  |                |                   |
| Segment assets                               | <u>5,543,362</u>             | <u>2,169,913</u> | <u>3,687,574</u> | <u>197,067</u> | <u>11,597,916</u> |

Reconciliation of segment assets with total assets in the balance sheet is as follows:

|                               | Unaudited<br>June 30,<br>2012 | Audited<br>December 31,<br>2011 |
|-------------------------------|-------------------------------|---------------------------------|
|                               | (Rupees in thousand)          |                                 |
| Total for reportable segments | <b>13,524,736</b>             | 11,597,916                      |
| Unallocated assets            | <u>3,885,431</u>              | <u>4,443,946</u>                |
| Total as per balance sheet    | <b><u>17,410,167</u></b>      | <u>16,041,862</u>               |
|                               | <b>June 30,<br/>2012</b>      | June 30,<br>2011                |
|                               | (Rupees in thousand)          |                                 |
| Cash and bank balances        | <b>651,151</b>                | 962,086                         |
| Short term borrowings         | <u>(1,691,230)</u>            | <u>(292,534)</u>                |
|                               | <b><u>(1,040,079)</u></b>     | <u>669,552</u>                  |

## 7. CASH AND CASH EQUIVALENTS

## 8. RELATED PARTY TRANSACTIONS

Significant related party transactions during the period are as follows:

| Relationship with the company  | Nature of transactions  | June 30,<br>2012<br>(Rupees in thousand) | June 30,<br>2011 |
|--------------------------------|---|--|------------------|
| i. Ultimate parent company:    | Royalty and technical fee                                     | 949,223                                  | 880,963          |
| ii. Other related parties:     | Purchase of goods and services                                | 6,712,407                                | 6,120,717        |
|                                | Sale of goods   | 3,264                                    | 4,759            |
|                                | Fee for receiving of services from related party              | 14,929                                   | 30,758           |
|                                | Payment to related parties for Intangible - computer software | -  | 279,300          |
|                                | Fee for providing of services to related parties              | 149,494                                  | 124,717          |
|                                | Contribution to:  |  |                  |
|                                | - Defined Contribution plans                                  | 104,862                                  | 86,583           |
|                                | - Defined Benefit plans                                       | 50,702                                   | -                |
|                                | Settlement on behalf of:                                      |  |                  |
|                                | - Defined Contribution plans                                  | 257,785                                  | 227,223          |
|                                | - Defined Benefit plans                                       | 137,512                                  | 169,171          |
|                                | Payment made on behalf of related party                       | 11,986                                   | -                |
| iii. Key management personnel: | Salaries and other short-term employee benefits               | 69,035                                   | 53,706           |
|                                | Post-employment benefits                                      | 5,449                                    | 4,892            |
| iv. Others:                    | Donations   | 7,000                                    | 2,869            |

## 9. MONOPOLY CONTROL AUTHORITY ORDER

There is no change in status as reported in the latest annual financial statements regarding the Monopoly Control Authority (MCA) Order terminating the non-competition agreement, requiring the Company to refund the amount of Rs. 250 million to Dalda Foods (Private) Limited (DFL). The management is of the view that the agreement between the Company and DFL is not in the violation of Monopolies and Restrictive Trade Practices Ordinance 1970. The Company filed an appeal in the High Court of Sindh and the operation of MCA's order was stayed. At present, the appeal is pending for hearing.



**10. INTERIM DIVIDEND**

The Board of Directors in its meeting held on August 3, 2012 declared cash dividend in respect of half year ended June 30, 2012 of Rs. 65 per share amounting to Rs. 864 million in addition to first interim cash dividend already declared and paid in respect of quarter ended March 31, 2012 of Rs. 65 per share (Quarter ended March 31, 2011: Nil) amounting to Rs. 864 million (Interim cash dividend for half year ended June 30, 2011: Rs. 105 per share amounting to Rs. 1.396 billion).

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.

**11. DATE OF ISSUE**

This condensed interim financial information has been authorised for issue on August 3, 2012 by the Board of Directors of the Company.