



UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013



UNILEVER PAKISTAN FOODS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Ehsan A. Malik	Chairman
Ms. Fariyha Subhani	Chief Executive
Mr. Ali Tariq	Director / CFO
Mian Zulfikar H. Mannoo	Director
Mian M. Adil Mannoo	Director
Mr. Kamal Monnoo	Director
Mr. Badaruddin F. Vellani	Director
Mr. Amar Naseer	Director
Mr. Noman Amjad Lutfi	Director

COMPANY SECRETARY

Mr. Amar Naseer

AUDIT COMMITTEE

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

AUDITORS

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

REGISTERED OFFICE

Avari Plaza
Fatima Jinnah Road
Karachi - 75530

SHARE REGISTRATION OFFICE

Share Registrar Department,
Central Depository Company
of Pakistan Limited, CDC
House, 99-B, Block "B", S.M.C.H.S,
Main Shahrah-e-Faisal, Karachi 74400

WEBSITE ADDRESS

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

UNILEVER PAKISTAN FOODS LIMITED

Directors' Review

2013 has been a challenging year, with energy crisis, adverse security environment, and slowdown in consumer demand. Notwithstanding, sales grew by 27% in the 3rd quarter bringing year to date growth to 19%. Growth was broad based with Gross Margin up 305 bps, thanks to a more favourable mix. The Company continued to step up investment in advertising and promotion in an environment with many players vying for a share of the shrinking consumer wallet. Savings programme and growth leverage resulted in EPS improvement of 36%.

Financial Highlights	Nine Months ended September 30		Increase %
	2013	2012	
	Rs '000		
Net Sales	5,257,065	4,420,394	19%
Profit before Taxation	1,105,462	816,748	35%
Profit after Taxation	744,308	547,475	36%
Earnings per Share (Rs.)	120.88	88.91	36%

Future Outlook

Inflation, fragile security environment, currency devaluation and power outages remain challenges for the business. We will however continue to drive our agenda of improving consumer lives through relevant innovations, strong brand equities and a performance rewarding culture.

On behalf of the Board

Fariyha Subhani
Chief Executive

Karachi
October 28, 2013

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2013

	Note	Unaudited September 30, 2013 (Rupees in thousand)	Audited (restated) December 31, 2012
ASSETS			
Non-current assets			
Property, plant and equipment	4	676,886	649,333
Intangible assets		81,637	81,637
Long term loans		20,510	22,477
Retirement benefit - prepayment		-	3,460
		<u>779,033</u>	<u>756,907</u>
Current assets			
Stores and spares		26,885	16,983
Stock in trade		532,834	750,374
Trade debts		221,636	146,113
Loans and advances		13,724	12,682
Trade deposits and short term prepayments		40,263	39,603
Other receivables		24,181	80,918
Cash and bank balances		1,119,392	201,902
		<u>1,978,915</u>	<u>1,248,575</u>
Total assets		<u>2,757,948</u>	<u>2,005,482</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		61,576	61,576
Reserves		404,127	534,202
		<u>465,703</u>	<u>595,778</u>
LIABILITIES			
Non-current liabilities			
Retirement benefits - obligation		1,827	3,922
Deferred taxation		112,861	103,067
		<u>114,688</u>	<u>106,989</u>
Current liabilities			
Trade and other payables		1,940,110	1,213,083
Provision	5	21,383	7,508
Accrued interest / mark-up		-	895
Sales tax payable		3,863	4,640
Taxation - provision less payments		212,201	11,692
Short term borrowings		-	64,897
		<u>2,177,557</u>	<u>1,302,715</u>
Total liabilities		<u>2,292,245</u>	<u>1,409,704</u>
Contingencies and commitments	6		
Total equity and liabilities		<u>2,757,948</u>	<u>2,005,482</u>

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

Fariyha Subhani
Chief Executive

Ali Tariq
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 - UNAUDITED

	Quarter ended		Nine Months ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	← (Rupees in thousand) →			
Sales	1,791,795	1,413,807	5,257,065	4,420,394
Cost of sales	(1,029,234)	(882,675)	(3,040,790)	(2,691,668)
Gross profit	762,561	531,132	2,216,275	1,728,726
Distribution cost	(296,332)	(283,860)	(937,512)	(770,566)
Administrative expenses	(31,286)	(37,758)	(127,484)	(124,629)
Other operating expenses	(31,434)	(16,252)	(83,207)	(63,129)
Other income	15,892	24,558	43,653	59,207
Profit from operations	419,401	217,820	1,111,725	829,609
Finance cost	(1,777)	(1,902)	(6,263)	(12,861)
Profit before taxation	417,624	215,918	1,105,462	816,748
Taxation				
- current	(126,935)	(58,108)	(351,360)	(242,850)
- deferred	(15,432)	(11,478)	(9,794)	(26,423)
	(142,367)	(69,586)	(361,154)	(269,273)
Profit after taxation	275,257	146,332	744,308	547,475
Other comprehensive income	-	-	-	-
Total comprehensive income	275,257	146,332	744,308	547,475
Basic and diluted earnings per share (Rupees)	44.70	23.76	120.88	88.91

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

Fariyha Subhani
Chief Executive

Ali Tariq
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 - UNAUDITED

	Note	September 30, 2013	September 30, 2012
		(Rupees in thousand)	
Cash generated from operations		1,586,895	1,095,683
Mark-up on short term borrowings		(2,551)	(12,133)
Income tax paid		(150,853)	(226,015)
Decrease in long term loans		1,967	2,083
Increase in retirement benefits obligations		-	(880)
Increase in long term prepayment		-	2,894
Net cash from operating activities		1,435,458	861,632
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(66,932)	(50,428)
Sale proceeds of property, plant and equipment		626	8,731
Return received on savings and deposit accounts		17,416	12,048
Net cash used in investing activities		(48,890)	(29,649)
CASH FLOW USED IN FINANCING ACTIVITY			
Dividend paid		(404,181)	(615,762)
Net increase in cash and cash equivalents		982,387	216,220
Cash and cash equivalents at the beginning of the period		137,005	(1,314)
Cash and cash equivalents at the end of the period	7	1,119,392	214,906

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

Fariyha Subhani
Chief Executive

Ali Tariq
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 - UNAUDITED

	SHARE CAPITAL	RESERVES				SUB TOTAL	TOTAL
		CAPITAL		REVENUE			
		Share Premium	Special	General	Unappropriated Profit		
← (Rupees in thousand) →							
Balance as at January 1, 2013 (restated)	61,576	24,630	628	138	508,806	534,202	595,778
Final dividend for the year ended December 31, 2012 @ Rs 66 per share	-	-	-	-	(406,404)	(406,404)	(406,404)
Interim dividend for the year ending December 31, 2013 @ Rs 76 per share	-	-	-	-	(467,979)	(467,979)	(467,979)
Total comprehensive income for the nine months ended September 30, 2013	-	-	-	-	744,308	744,308	744,308
Balance as at September 30, 2013	61,576	24,630	628	138	378,731	404,127	465,703
Balance as at January 1, 2012	61,576	24,630	628	138	404,563	429,959	491,535
Effect of change in accounting policy with respect to accounting for remeasurement losses on defined benefit plan - net of tax (note 2)	-	-	-	-	(9,874)	(9,874)	(9,874)
Balance as at January 1, 2012 (restated)	61,576	24,630	628	138	394,689	420,085	481,661
Final dividend for the year ended December 31, 2011 @ Rs 50 per share	-	-	-	-	(307,881)	(307,881)	(307,881)
Interim dividend for the year ended December 31, 2012 @ Rs 50 per share	-	-	-	-	(307,881)	(307,881)	(307,881)
Total comprehensive income for the nine months ended September 30, 2012	-	-	-	-	547,475	547,475	547,475
Balance as at September 30, 2012 (restated)	61,576	24,630	628	138	326,402	351,798	413,374

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

Fariyha Subhani
Chief Executive

Ali Tariq
Director & Chief Financial Officer

UNILEVER PAKISTAN FOODS LIMITED

SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 – UNAUDITED

1. BASIS OF PREPARATION

This condensed interim financial information of Unilever Pakistan Foods Limited (the Company) for the nine months September 30, 2013 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, 2012 except as described below.

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the Statement of Financial Position immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Following the application of IAS 19 (Amendment) - 'Employee Benefits', the Company's policy for Staff Retirement Benefits in respect of remeasurements stands amended as follows:

- The amount arising as a result of remeasurements are recognised in the Statement of Financial Position immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.
- The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The Company's condensed interim financial information is affected by the 'remeasurements' relating to prior years. The effects have been summarised below:

	December 31, 2012	December 31, 2011
	(Rupees in thousand)	
Impact on Balance Sheet		
Increase in retirement benefits - obligations	-	(15,190)
Decrease in deferred taxation	4,833	5,316
(Increase) / decrease in other reserves	(4,833)	9,874
Increase / (decrease) in unappropriated profits		
- Cumulative effect from prior years	-	(9,874)
- Impact for the year ended December 31, 2012	14,707	-

The Company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact on this and comparative condensed interim financial information are not quantifiable and are also considered immaterial.

3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended December 31, 2012.

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, 2012.

	Unaudited	Audited (restated)
	September 30, 2013	December 31, 2012
	(Rupees in thousand)	
4. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - at net book value	632,574	609,403
Capital work in progress - at cost	44,312	39,930
	<u>676,886</u>	<u>649,333</u>

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

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	(Rupees in thousand)			
Building on freehold land	2,320	19,037	-	-
Plant and machinery	57,983	36,604	-	-
Electrical, mechanical and office equipment	806	12,208	-	-
Furniture and Fixtures	1,441	1,425	-	-
Motor vehicles	-	-	68	339
	<u>62,550</u>	<u>69,274</u>	<u>68</u>	<u>339</u>

	Unaudited	Audited
	September 30,	(restated)
	2013	December 31,
		2012
5. PROVISIONS		
Sindh Infrastructure Cess - note 5.1	9,368	5,993
Restructuring - note 5.1	<u>12,015</u>	<u>1,515</u>
	<u>21,383</u>	<u>7,508</u>

5.1 The change represents provision made during the year.

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There has been no change in status of contingency reported in the financial statements for the year ended December 31, 2012.

6.2 Commitments

The commitments for capital expenditure outstanding as at September 30, 2013 amounted to Rs.154.0 million (December 31, 2012: Rs. 13.5 million).

	September 30,	September
	2013	30, 2012
	(Rupees in thousand)	
7. CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>1,119,392</u>	214,906
	<u>1,119,392</u>	<u>214,906</u>

8. RELATED PARTY TRANSACTIONS

Significant related party transactions during the period are as follows:

Relationship with the company	Nature of transactions	September 30,	September
		2013	30, 2012
		(Rupees in thousand)	
i) Holding company	Royalty	51,148	36,149
ii) Other related parties	Technology fee	60,958	55,859
	Purchase of goods	944,491	880,879
	Sale of goods	23,207	28,848
	Purchase of Property, plant and equipment	-	11,986
	Fee for receiving of services from related parties	176,814	175,913
	Fee for providing of services to related parties	11,268	19,111
	Contribution to:		
	- Defined Contribution plan	16,619	8,368
	Settlement on behalf of:		
	- Defined Contribution plan	12,094	13,233
	- Defined Benefit plans	309	341
iii) Key management personnel	Salaries and other short-term employee benefits	4,855	1,846

9. INTERIM DIVIDEND

The board of directors in its meeting held on October 28, 2013 declared cash dividend in respect of quarter ended September 30, 2013 of Rs. 44.7 per share amounting to Rs. 275.25 million in addition to first interim cash dividend already declared and paid in respect of half year ended June 30, 2013 of Rs. 76 per share (Half year ended June 30, 2012: Rs. 50 per share) amounting to Rs. 467.98 million (Interim cash dividend for the nine months ended September 30, 2012: Rs. 50 per share amounting to Rs. 307.88 million).

This condensed interim financial information does not reflect the second interim dividend as payable, which will be accounted for in the statements of changes in equity as an appropriation from the unappropriated profit in the year ending December 31, 2013

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 28, 2013 by the Board of Directors of the Company.



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