



Unilever

UNILEVER PAKISTAN LIMITED

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED JUNE 30, 2011**



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
Ms. Shazia Syed	Executive Director
Mr. Amir R. Paracha	Executive Director
Ms. Fariyha Subhani	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. 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

UNILEVER PAKISTAN LIMITED

Directors' Review

After-tax earnings increased by 29%. Turnover grew by 15.3%. Both were constrained by a number of factors. Smuggling of tea continued to affect volume and margin, power outages impacted distribution of ice cream, whilst pressure on disposable incomes slowed category growth. Offsetting positives were strong portfolio of brands augmented by five new entries, improvement in mix and more effective distribution. Input cost continued to increase on the back of rising commodity costs; margins, however, benefited from improved scale and timely but measured price corrections, preserving consumer value. The latter was supported by continued focus on product quality, bigger, better and faster innovation and competitive pricing. Profit after tax also benefited from lower financial charge stemming from further optimisation of working capital.

	Half year ended June 30		
	2011	2010	Increase %
Net Sales (Rs'000)	24,803,134	21,503,808	15.3%
Profit before taxation (Rs'000)	2,263,956	1,797,660	25.9%
Profit after taxation (Rs'000)	1,531,530	1,187,236	29.0%
Earnings per share (Rs)	115.20	89.30	29.0%

Home and Personal Care (HPC)

HPC grew by 18% as a result of new offerings and consumer relevant innovation in the core. Surf continues to consolidate its position as a value market leader despite stiff competition. Strong brand equity of popular brands - Lux, Rin, Fair & Lovely and Ponds, helped drive volume growth even as input cost inflation was offset through price increases. Strong media campaigns (Tools for Schools - Surf, Time to Shine - Rin, Purple Variant - Lux, Fairness Meter - Fair & Lovely, etc) strengthened market share despite the competitive heat.

Five new brands and formats were launched in the first half of the year. Sunlight Washing Powder, Dove Shampoo, Dove Soap, Vim Dishwash Liquid and Bars fill portfolio gaps and position the business for higher share of customer shelf and consumer wallet.

Beverages

The formal Tea industry and our business continue to suffer from an uneven playing field. Pakistani consumers pay 50% more than the price in rest of South Asia, due mainly to high government levies which we are lobbying to reduce. Tea is accorded an essential food status and taxed at 4% in India; Pakistani consumers bear 16% GST and 10% import duty. High government levies create incentive to evade. Porous borders make it easy. Consequently more than half the tea consumed in the country is smuggled. Lower government levies will discourage smuggling, bring all imports into the official net and neutralise impact on government revenue. Smuggled tea is often adulterated with harmful substances. Discouraging smuggling will have a positive impact on quality of tea consumed.

The successful 'Sip of Inspiration' campaign further strengthened Lipton's brand equity. Supreme's "Tandrust Rahein, Mast Rahein" campaign continues to deliver positive results.

Ice Cream

Ice Cream top line grew by 20%. Greater focus on managing costs, a better product mix and selective pricing actions helped improve gross margins. Innovation continues to be at the heart of the category's strategy. Special focus was directed towards launching value added offerings tailored to local taste palate. These included Fruttare, Peshawari Crunch, Badami tubs, Pista Badami and 'Zapper' which were well received by consumers.

Spreads

Spreads delivered an impressive volume led sales growth of 41% through penetration into new towns, door to door sales and the "Growth meter II" campaign. We continue to drive availability and visibility through the deployment of visi-coolers at retail outlets.

Future Outlook

Input cost inflation, pressure on disposable incomes, smuggling of tea, power short-fall and poor security environment and competitive heat remain the key challenges. Despite these, the company continues to grow and strengthen its market leadership through strong innovations, improved execution and a high performance culture, delivering exceptional value to consumers, customers and shareholders.

On behalf of the Board

Karachi
August 09, 2011

Ehsan A. Malik
Chairman and Chief Executive

UNILEVER PAKISTAN LIMITED

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Unilever Pakistan Limited as at June 30, 2011 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, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2011.

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, 2011 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 09, 2011
Name of the engagement partner: Ali Muhammad Mesia

UNILEVER PAKISTAN LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2011

	Note	Unaudited June 30, 2011	Audited December 31, 2010
(Rupees in thousand)			
ASSETS			
Non-current assets			
Property, plant and equipment	3	5,097,020	4,897,171
Intangibles		1,020,894	821,086
Long term investments		95,202	95,202
Long term loans		102,533	83,887
Long term deposits and prepayments		22,744	27,997
Retirement benefits - prepayments		130,669	148,800
		<u>6,469,062</u>	<u>6,074,143</u>
Current assets			
Stores and spares		378,444	357,338
Stock in trade		5,749,138	3,881,007
Trade debts		713,585	522,795
Loans and advances		117,072	126,699
Trade deposits and short term prepayments		349,137	243,661
Other receivables		170,009	70,960
Tax refunds due from the Government		962,737	466,394
Cash and bank balances		406,151	1,758,110
		<u>8,846,273</u>	<u>7,426,964</u>
Total assets		<u><u>15,315,335</u></u>	<u><u>13,501,107</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		669,477	669,477
Reserves		2,335,320	2,890,841
		<u>3,004,797</u>	<u>3,560,318</u>
Surplus on revaluation of fixed assets		11,992	12,317
Liabilities			
Non-current liabilities			
Liabilities against assets subject to finance leases		5,133	19,818
Deferred taxation		560,282	576,143
Retirement benefits obligations		388,041	358,802
		<u>953,456</u>	<u>954,763</u>
Current liabilities			
Trade and other payables		10,705,634	8,233,705
Accrued interest / mark up		3,726	16,184
Short term borrowings		141,043	297,143
Current maturity of liabilities against assets subject to finance leases		20,951	28,877
Provisions		473,736	397,800
		<u>11,345,090</u>	<u>8,973,709</u>
Total liabilities		<u>12,298,546</u>	<u>9,928,472</u>
Contingencies and commitments	4		
Total equity and liabilities		<u><u>15,315,335</u></u>	<u><u>13,501,107</u></u>

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

UNILEVER PAKISTAN LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED JUNE 30, 2011 (UNAUDITED)**

	Note	Quarter ended		Half year ended	
		June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
← (Rupees in thousand) →					
Sales	5	12,632,803	11,248,961	24,803,134	21,503,808
Cost of sales		<u>(8,331,458)</u>	<u>(7,603,747)</u>	<u>(16,453,448)</u>	<u>(14,692,141)</u>
Gross profit		4,301,345	3,645,214	8,349,686	6,811,667
Distribution costs		<u>(2,984,908)</u>	<u>(2,329,510)</u>	<u>(5,307,047)</u>	<u>(4,274,861)</u>
Administrative expenses		<u>(395,520)</u>	<u>(323,002)</u>	<u>(724,336)</u>	<u>(580,854)</u>
Other operating expenses		<u>(87,346)</u>	<u>(76,395)</u>	<u>(190,422)</u>	<u>(147,527)</u>
Other operating income		<u>132,361</u>	<u>60,292</u>	<u>228,080</u>	<u>110,092</u>
		965,932	976,599	2,355,961	1,918,517
Restructuring cost		<u>(25,000)</u>	<u>(50,000)</u>	<u>(45,000)</u>	<u>(50,000)</u>
Profit from operations		940,932	926,599	2,310,961	1,868,517
Finance costs		<u>(26,743)</u>	<u>(25,219)</u>	<u>(47,005)</u>	<u>(70,857)</u>
Profit before taxation		914,189	901,380	2,263,956	1,797,660
Taxation		<u>(281,286)</u>	<u>(295,950)</u>	<u>(732,426)</u>	<u>(610,424)</u>
Profit after taxation		<u>632,903</u>	<u>605,430</u>	<u>1,531,530</u>	<u>1,187,236</u>
Earnings per share - (Rupees)		<u>47.61</u>	<u>45.54</u>	<u>115.20</u>	<u>89.30</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 CASH FLOW STATEMENT FOR THE HALF YEAR ENDED JUNE 30, 2011 (UNAUDITED)

	Note	June 30, 2011	June 30, 2010
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	6	3,257,232	2,353,565
Retirement benefits obligations paid		(6,820)	(5,868)
Finance costs paid		(59,463)	(79,559)
Income tax paid		(1,244,630)	(1,082,324)
(Increase) / Decrease in long term loans		(18,646)	2,981
Decrease in long term deposits and prepayments		5,253	59,914
Net cash from operating activities		1,932,926	1,248,709
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(484,643)	(257,205)
Payment for intangible asset		(590,876)	(80,578)
Sale proceeds of property, plant and equipment		19,961	19,749
Return received on savings accounts		31,502	625
Net cash used in investing activities		(1,024,056)	(317,409)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in liabilities against assets subject to finance leases		(22,611)	(22,557)
Dividends paid		(2,082,118)	(1,816,965)
Net cash used in financing activities		(2,104,729)	(1,839,522)
Net decrease in cash and cash equivalents		(1,195,859)	(908,222)
Cash and cash equivalents at the beginning of the period		1,460,967	(798,358)
Cash and cash equivalents at the end of the period	7	265,108	(1,706,580)

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, 2011 (UNAUDITED)

	SHARE CAPITAL	RESERVES			SUB TOTAL	TOTAL
		CAPITAL		REVENUE		
		Arising under schemes of arrangements for amalgamations	Contingency	Unappropriated profit		
← (Rupees in thousand) →						
Balance as at January 1, 2010	669,477	70,929	321,471	2,229,243	2,621,643	3,291,120
Net profit for the half year ended June 30, 2010	-	-	-	1,187,236	1,187,236	1,187,236
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, 2009 - On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 137 per share	-	-	-	(1,821,260)	(1,821,260)	(1,821,260)
Balance as at June 30, 2010	<u>669,477</u>	<u>70,929</u>	<u>321,471</u>	<u>1,595,305</u>	<u>1,987,705</u>	<u>2,657,182</u>
Balance as at January 1, 2011	669,477	70,929	321,471	2,498,441	2,890,841	3,560,318
Net profit 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)
Balance as at June 30, 2011	<u>669,477</u>	<u>70,929</u>	<u>321,471</u>	<u>1,942,920</u>	<u>2,335,320</u>	<u>3,004,797</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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED JUNE 30, 2011 (UNAUDITED)

1. BASIS OF PREPARATION

This condensed interim financial information of Unilever Pakistan Limited (the company) for the half year ended June 30, 2011 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, 2010.

	Unaudited June 30, 2011	Audited December 31, 2010
3. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - at net book value	4,615,112	4,588,190
Capital work in progress - at cost		
Civil works	28,969	8,075
Plant and machinery	452,939	300,906
	481,908	308,981
	5,097,020	4,897,171

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

	Additions (at cost)		Disposals (at net book value)	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	← (Rupees in thousand) →			
Owned				
Building on freehold land	8,633	4,673	-	-
Plant and machinery	188,244	163,537	-	2,972
Electrical, mechanical and office equipment	105,269	31,885	6,057	-
Furniture and fittings	1,574	1,134	-	-
Motor vehicles	7,850	-	-	-
Assets held under finance leases				
Motor vehicles	146	-	1,362	-
	311,716	201,229	7,419	2,972

4. CONTINGENCIES AND COMMITMENTS

4.1 Contingencies

4.1.1 The contingency amount reported in respect of Sindh Development Infrastructure Fee / Cess in the annual financial statements 2010 has remained unchanged at Rs. 321.47 million as at June 30, 2011.

As a matter of prudence, a total of Rs 321.47 million as at June 30, 2011 (2010: Rs 321.47 million) out of the revenue reserves has been earmarked as contingency reserve for the levy uptill December 2006.

4.1.2 The Officer of Inland Revenue while finalising the re-assessment for the tax years 2006, 2007 and 2009 passed amended assessment orders enhancing tax liability for these years by Rs. 400 million in respect of certain disallowances.

The company has filed appeals before the Commissioner of Inland Revenue (Appeals) and the same were decided against the company. However, the company has filed the appeals before the Appellate Tribunal Inland Revenue.

Further, the Additional Commissioner of Inland Revenue amended the assessments for tax years 2008 and 2010 enhancing the tax liability by Rs. 261 million. The company has filed appeals before the Commissioner of Inland Revenue (Appeals) against these orders.

The management of the company is of the view that the disallowances have been made erroneously and therefore, the ultimate decision in appeal will be in company's favour. No provision has, therefore, been made in the condensed interim financial information.

4.2 Commitments

The commitments for capital expenditure outstanding as at June 30, 2011 amounted to Rs. 725.95 million (December 31, 2010: Rs. 392.95 million).

5. SEGMENT ANALYSIS

5.1 SEGMENT RESULTS

	Home and Personal Care	Beverages	Ice Cream	Spreads	Total
	← (Rupees in thousand) →				
For the quarter ended June 30, 2011					
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>
For the quarter ended June 30, 2010					
Revenue	<u>6,110,556</u>	<u>3,010,892</u>	<u>1,848,270</u>	<u>279,243</u>	<u>11,248,961</u>
Segment results	<u>774,818</u>	<u>34,196</u>	<u>195,739</u>	<u>(12,051)</u>	<u>992,702</u>
For half year ended June 30, 2011					
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>
For half year ended June 30, 2010					
Revenue	<u>11,392,038</u>	<u>6,780,572</u>	<u>2,788,576</u>	<u>542,622</u>	<u>21,503,808</u>
Segment results	<u>1,579,696</u>	<u>189,864</u>	<u>194,044</u>	<u>(7,652)</u>	<u>1,955,952</u>

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

	Quarter ended		Half year ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	← (Rupees in thousand) →			
Total results for reportable segments	920,917	992,702	2,318,303	1,955,952
Other operating expenses	(87,346)	(76,395)	(190,422)	(147,527)
Other operating income	132,361	60,292	228,080	110,092
Restructuring costs	(25,000)	(50,000)	(45,000)	(50,000)
Finance costs	(26,743)	(25,219)	(47,005)	(70,857)
Taxation	(281,286)	(295,950)	(732,426)	(610,424)
Profit after tax	<u>632,903</u>	<u>605,430</u>	<u>1,531,530</u>	<u>1,187,236</u>

5.2 SEGMENT ASSETS

	Home and Personal Care	Beverages	Ice Cream	Spreads	Total
	← (Rupees in thousand) →				
As at June 30, 2011					
Segment assets	<u>5,628,135</u>	<u>2,011,324</u>	<u>3,843,653</u>	<u>210,136</u>	<u>11,693,248</u>
As at December 31, 2010 - Audited					
Segment assets	<u>4,195,315</u>	<u>3,165,263</u>	<u>3,440,133</u>	<u>142,138</u>	<u>10,942,849</u>

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

	June 30, 2011	Audited December 31, 2010
	(Rupees in thousand)	
Total for reportable segments	11,693,248	10,942,849
Unallocated assets	<u>3,622,087</u>	<u>2,558,258</u>
Total as per balance sheet	<u>15,315,335</u>	<u>13,501,107</u>

	June 30, 2011 (Rupees in thousand)	June 30, 2010
6. CASH GENERATED FROM OPERATIONS		
Profit before taxation	2,263,956	1,797,660
Add / (Less): Adjustments for non-cash charges and other items		
Depreciation	277,375	269,186
Amortisation of software	-	2,433
Gain on disposal of property, plant and equipment	(12,542)	(16,777)
Finance cost	47,005	70,857
Provision for staff retirement benefits	54,190	58,036
Return on savings accounts	(31,502)	(625)
	334,526	383,110
Profit before working capital changes	2,598,482	2,180,770
Effect on cash flow due to working capital changes		
(Increase) / Decrease in current assets		
Stores and spares	(21,106)	(85,174)
Stock in trade	(1,868,131)	(662,159)
Trade debts	(190,790)	(89,192)
Loans and advances	9,627	(13,783)
Trade deposits and short term prepayments	(105,476)	(51,185)
Other receivables	(99,049)	(27,652)
	(2,274,925)	(929,145)
Increase in current liabilities		
Trade and other payables	2,857,739	997,222
Provisions	75,936	104,718
	2,933,675	1,101,940
Cash generated from operations	3,257,232	2,353,565

	June 30, 2011	June 30, 2010
	(Rupees in thousand)	
7. CASH AND CASH EQUIVALENTS		
Cash and bank balances	406,151	480,357
Short term borrowings	(141,043)	(2,186,937)
	<u>265,108</u>	<u>(1,706,580)</u>

8. RELATED PARTY TRANSACTIONS

Significant related party transactions during the period are as follows:

Relationship with the company	Nature of transactions	June 30, 2011	June 30, 2010
		(Rupees in thousand)	
i. Ultimate parent company:	Royalty and technical services fee	880,963	763,866
ii. Other related parties:	Purchase of goods	6,120,717	5,689,956
	Reimbursement of expenses to related party	-	26,888
	Fee for receiving of services from related party	30,758	955
	Payment to related party for intangible asset	279,300	75,312
	Sale of goods	4,759	5,803
	Recovery of expenses from related party	-	58,796
	Fee for providing of services to related parties	124,717	7,216
iii. Key management personnel:	Salaries and other short-term employee benefits	53,706	36,558
	Post-employment benefits	4,892	4,000
iv. Others:	Donations	2,869	2,276

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 09, 2011 declared an interim cash dividend of Rs. 105 per share (2010: Rs. 89 per share) amounting to Rs. 1.396 billion (2010: Rs. 1.183 billion). This condensed interim financial information does not reflect this dividend payable.

11. DATE OF ISSUE

This condensed interim financial information has been authorised for issue on August 09, 2011 by the Board of Directors of the Company.

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director & Chief Financial Officer

**CONDENSED INTERIM
CONSOLIDATED FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED JUNE 30, 2011**

Unilever Pakistan Limited
and its Subsidiary Companies

UNILEVER PAKISTAN LIMITED AND ITS SUBSIDIARY COMPANIES

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2011

	Note	Unaudited June 30, 2011	Audited December 31, 2010
(Rupees in thousand)			
ASSETS			
Non-current assets			
Property, plant and equipment	4	5,097,020	4,897,171
Intangibles		1,020,894	821,086
Long term investments		200	200
Long term loans		102,533	83,887
Long term deposits and prepayments		22,744	27,997
Retirement benefits - prepayments		130,669	148,800
		<u>6,374,060</u>	<u>5,979,141</u>
Current assets			
Stores and spares		378,444	357,338
Stock in trade		5,749,138	3,881,007
Trade debts		713,585	522,795
Loans and advances		117,072	126,699
Accrued interest / markup		-	35
Trade deposits and short term prepayments		349,137	243,661
Other receivables		173,593	70,960
Tax refunds due from the Government		962,737	466,394
Investments held to maturity		144,099	143,354
Cash and bank balances		412,169	1,762,650
		<u>8,999,974</u>	<u>7,574,893</u>
Total assets		<u><u>15,374,034</u></u>	<u><u>13,554,034</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		669,477	669,477
Reserves		2,391,605	2,942,056
		<u>3,061,082</u>	<u>3,611,533</u>
Surplus on revaluation of fixed assets		11,992	12,317
Liabilities			
Non-current liabilities			
Liabilities against assets subject to finance leases		5,133	19,818
Deferred taxation		560,282	576,143
Retirement benefits obligations		388,041	358,802
		<u>953,456</u>	<u>954,763</u>
Current liabilities			
Trade and other payables		10,707,546	8,235,346
Accrued interest / mark up		3,726	16,184
Short term borrowings		141,043	297,143
Current maturity of liabilities against assets subject to finance leases		20,951	28,877
Taxation- Provision less Payments		502	71
Provisions		473,736	397,800
		<u>11,347,504</u>	<u>8,975,421</u>
Total liabilities		<u>12,300,960</u>	<u>9,930,184</u>
Contingencies and commitments	5		
Total equity and liabilities		<u><u>15,374,034</u></u>	<u><u>13,554,034</u></u>

The annexed notes 1 to 12 form an integral part of this condensed interim financial information.

UNILEVER PAKISTAN LIMITED AND ITS SUBSIDIARY COMPANIES

**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED JUNE 30, 2011 (UNAUDITED)**

	Note	<u>Quarter ended</u>		<u>Half year ended</u>	
		<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
← (Rupees in thousand) →					
Sales	6	12,632,803	11,248,961	24,803,134	21,503,808
Cost of sales		(8,331,458)	(7,603,747)	(16,453,448)	(14,692,141)
Gross profit		4,301,345	3,645,214	8,349,686	6,811,667
Distribution costs		(2,984,908)	(2,329,510)	(5,307,047)	(4,274,861)
Administrative expenses		(395,607)	(323,002)	(724,436)	(580,854)
Other operating expenses		(87,346)	(76,405)	(190,422)	(147,547)
Other operating income		138,942	64,594	235,982	118,006
		972,426	980,891	2,363,763	1,926,411
Restructuring cost		(25,000)	(50,000)	(45,000)	(50,000)
Profit from operations		947,426	930,891	2,318,763	1,876,411
Finance costs		(26,743)	(25,249)	(47,006)	(70,888)
Profit before taxation		920,683	905,642	2,271,757	1,805,523
Taxation		(283,558)	(297,442)	(735,156)	(613,176)
Profit after taxation		637,125	608,200	1,536,601	1,192,347
Earnings per share - (Rupees)		47.93	45.75	115.58	89.69

The annexed notes 1 to 12 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, 2011 (UNAUDITED)**

	Note	June 30, 2011	June 30, 2010
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	7	3,253,853	2,353,565
Retirement benefits obligations paid		(6,820)	(5,868)
Finance costs paid		(59,463)	(79,559)
Income tax paid		(1,246,930)	(1,088,239)
(Increase) / Decrease in long term loans		(18,646)	2,981
Decrease in long term deposits and prepayments		5,253	59,914
Net cash from operating activities		1,927,247	1,242,794
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(484,643)	(257,205)
Payment for intangible asset		(590,876)	(80,578)
Sale proceeds of property, plant and equipment		19,961	19,749
Encashment of investmentes held to maturity		(745)	-
Return received on savings accounts		39,404	8,133
Net cash used in investing activities		(1,016,899)	(309,900)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in liabilities against assets subject to finance leases		(22,611)	(22,557)
Dividends paid		(2,082,118)	(1,816,965)
Net cash used in financing activities		(2,104,729)	(1,839,522)
Net decrease in cash and cash equivalents		(1,194,381)	(906,628)
Cash and cash equivalents at the beginning of the period		1,465,507	(659,182)
Cash and cash equivalents at the end of the period	8	271,126	(1,565,810)

The annexed notes 1 to 12 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, 2011 (UNAUDITED)

	SHARE CAPITAL	RESERVES			SUB TOTAL	TOTAL
		CAPITAL		REVENUE		
		Arising under schemes of arrangements for amalgamations	Contingency	Unappropriated profit		
← (Rupees in thousand) →						
Balance as at January 1, 2010	669,477	70,929	321,471	2,269,829	2,662,229	3,331,706
Net profit for the half year ended June 30, 2010	-	-	-	1,192,347	1,192,347	1,192,347
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, 2009 - On cumulative preference shares @ 5% per share	-	-	-	(239)	(239)	(239)
- Final dividend on ordinary shares @ Rs. 137 per share	-	-	-	(1,821,260)	(1,821,260)	(1,821,260)
Balance as at June 30, 2010	669,477	70,929	321,471	1,641,002	2,033,402	2,702,879
Balance as at January 1, 2011	669,477	70,929	321,471	2,549,656	2,942,056	3,611,533
Net profit 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

The annexed notes 1 to 12 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, 2011 (UNAUDITED)

1. BASIS OF PRESENTATION

This condensed interim consolidated financial information includes the financial information of Unilever Pakistan Limited (the parent company), Lever Chemicals (Private) Limited, Levers 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.

2. BASIS OF PREPARATION

This condensed interim consolidated financial information has been prepared in accordance with the requirements of International Accounting Standard No. 34, "Interim Financial Reporting" and is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges.

3. 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, 2010.

4. PROPERTY, PLANT AND EQUIPMENT

	Unaudited June 30, 2011	Audited December 31, 2010
	(Rupees in thousand)	
Operating assets - at net book value	4,615,112	4,588,190
Capital work in progress - at cost		
Civil works	28,969	8,075
Plant and machinery	452,939	300,906
	481,908	308,981
	5,097,020	4,897,171

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

	Additions (at cost)		Disposals (at net book value)	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	← (Rupees in thousand) →			
Owned				
Building on freehold land	8,633	4,673	-	-
Plant and machinery	188,244	163,537	-	2,972
Electrical, mechanical and office equipment	105,269	31,885	6,057	-
Furniture and fittings	1,574	1,134	-	-
Motor vehicles	7,850	-	-	-
Assets held under finance leases				
Motor vehicles	146	-	1,362	-
	311,716	201,229	7,419	2,972

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

5.1.1 The contingency amount reported in respect of Sindh Development Infrastructure Fee / Cess in the annual financial statements 2010 has remained unchanged at Rs. 321.47 million as at June 30, 2011.

As a matter of prudence, a total of Rs 321.47 million as at June 30, 2011 (2010: Rs 321.47 million) out of the revenue reserves has been earmarked as contingency reserve for the levy uptill December 2006.

5.1.2 The Officer of Inland Revenue while finalising the re-assessment for the assessment years 2006, 2007 and 2009 passed amended assessment orders enhancing tax liability for these years by Rs. 400 million in respect of certain disallowances.

The company has filed appeals before the Commissioner of Inland Revenue (Appeals) and the same were decided against the company. However, the company has filed the appeals before the Appellate Tribunal Inland Revenue.

Further, the Additional Commissioner of Inland Revenue amended the assessments for tax years 2008 and 2010 enhancing the tax liability by Rs. 261 million. The company has filed appeals before the Commissioner of Inland Revenue (Appeals) against these orders.

The management of the company is of the view that the disallowances have been made erroneously and therefore, the ultimate decision in appeal will be in company's favour. No provision has, therefore, been made in the condensed interim consolidated financial information.

5.2 Commitments

The commitments for capital expenditure outstanding as at June 30, 2011 amounted to Rs. 725.95 million (December 31, 2010: Rs. 392.95 million).

6. SEGMENT ANALYSIS

6.1 SEGMENT RESULTS

	Home and Personal Care	Beverages	Ice Cream	Spreads	Total
	← (Rupees in thousand) →				
For the quarter ended June 30, 2011					
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
For the quarter ended June 30, 2010					
Revenue	6,110,556	3,010,892	1,848,270	279,243	11,248,961
Segment results	774,818	34,196	195,739	(12,051)	992,702
For half year ended June 30, 2011					
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
For half year ended June 30, 2010					
Revenue	11,392,038	6,780,572	2,788,576	542,622	21,503,808
Segment results	1,579,696	189,864	194,044	(7,652)	1,955,952

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

	Quarter ended		Half year ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rupees in thousand)			
Total results for reportable segments	920,917	992,702	2,318,303	1,955,952
Other operating expenses	(87,433)	(76,405)	(190,522)	(147,547)
Other operating income	138,942	64,594	235,982	118,006
Restructuring costs	(25,000)	(50,000)	(45,000)	(50,000)
Finance costs	(26,743)	(25,249)	(47,006)	(70,888)
Taxation	(283,558)	(297,442)	(735,156)	(613,176)
Profit after tax	<u>637,125</u>	<u>608,200</u>	<u>1,536,601</u>	<u>1,192,347</u>

6.2 SEGMENT ASSETS

	Home and Personal Care	Beverages	Ice Cream	Spreads	Total
	(Rupees in thousand)				
As at June 30, 2011					
Segment assets	<u>5,628,135</u>	<u>2,011,324</u>	<u>3,843,653</u>	<u>210,136</u>	<u>11,693,248</u>
As at December 31, 2010 - Audited					
Segment assets	<u>4,195,315</u>	<u>3,165,263</u>	<u>3,440,133</u>	<u>142,138</u>	<u>10,942,849</u>

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

	June 30, 2011	Audited December 31, 2010
	(Rupees in thousand)	
Total for reportable segments	11,693,248	10,942,849
Unallocated assets	<u>3,680,786</u>	<u>2,611,185</u>
Total as per balance sheet	<u>15,374,034</u>	<u>13,554,034</u>

June 30, **June 30,**
2011 **2010**
(Rupees in thousand)

7. CASH GENERATED FROM OPERATIONS

Profit before taxation	2,271,757	1,805,523
Add / (Less): Adjustments for non-cash charges and other items		
Depreciation	277,375	269,186
Amortisation of software	-	2,433
Gain on disposal of property, plant and equipment	(12,542)	(16,777)
Finance cost	47,005	70,857
Provision for staff retirement benefits	54,190	58,036
Return on savings accounts	(39,404)	(8,508)
	326,624	375,227
Profit before working capital changes	2,598,381	2,180,750
Effect on cash flow due to working capital changes		
(Increase) / Decrease in current assets		
Stores and spares	(21,106)	(85,174)
Stock in trade	(1,868,131)	(662,159)
Trade debts	(190,790)	(89,192)
Loans and advances	9,627	(13,783)
Trade deposits and short term prepayments	(105,476)	(51,185)
Other receivables	(102,598)	(27,652)
	(2,278,474)	(929,145)
Increase in current liabilities		
Trade and other payables	2,858,010	997,242
Provisions	75,936	104,718
	2,933,946	1,101,960
Cash generated from operations	3,253,853	2,353,565

	June 30, 2011	June 30, 2010
	(Rupees in thousand)	
8. CASH AND CASH EQUIVALENTS		
Cash and bank balances	412,169	621,127
Short term borrowings	(141,043)	(2,186,937)
	<u>271,126</u>	<u>(1,565,810)</u>

9. RELATED PARTY TRANSACTIONS

Significant related party transactions during the period are as follows:

Relationship with the company	Nature of transactions	June 30, 2011	June 30, 2010
		(Rupees in thousand)	
i. Ultimate parent company:	Royalty and technical services fee	880,963	763,866
ii. Other related parties:	Purchase of goods	6,120,717	5,689,956
	Reimbursement of expenses to related party	-	26,888
	Fee for receiving of services from related party	30,758	955
	Payment to related party for intangible asset	279,300	75,312
	Sale of goods	4,759	5,803
	Recovery of expenses from related party	-	58,796
	Fee for providing of services to related parties	124,717	7,216
iii. Key management personnel:	Salaries and other short-term employee benefits	53,706	36,558
	Post-employment benefits	4,892	4,000
iv. Others:	Donations	2,869	2,276

10. 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.

11. INTERIM DIVIDEND

The Board of Directors in its meeting held on August 09, 2011 declared an interim cash dividend of Rs. 105 per share (2010: Rs. 89 per share) amounting to Rs. 1.396 billion (2010: Rs. 1.183 billion). This condensed interim consolidated financial information does not reflect this dividend payable.

12. DATE OF ISSUE

This condensed interim consolidated financial information has been authorised for issue on August 09, 2011 by the Board of Directors of the Group.

Ehsan A. Malik
Chairman & Chief Executive

Imran Husain
Director & Chief Financial Officer