



# UNILEVER PAKISTAN FOODS LIMITED

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CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER ENDED MARCH 31, 2013



# UNILEVER PAKISTAN FOODS LIMITED

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Ehsan A. Malik  
Ms. Fariyha Subhani  
Mr. Ali Tariq  
Mian Zulfikar H. Mannoo  
Mian M. Adil Mannoo  
Mr. Kamal Mannoo  
Mr. Badaruddin F. Vellani  
Ms. Shazia Syed  
Mr. Noman A. Lutfi

Chairman  
Chief Executive Officer  
Director / Chief Financial Officer  
Director  
Director  
Director  
Director  
Director  
Director

### COMPANY SECRETARY

Mr. Amar Naseer

### AUDIT COMMITTEE

Mian Zulfikar H. Mannoo  
Mian M. Adil Mannoo  
Mr. Noman A. Lutfi  
Mr. Azhar Shahid

Chairman  
Member  
Member  
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

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)  
[www.unileverpakistanfoods.com.pk](http://www.unileverpakistanfoods.com.pk)

# UNILEVER PAKISTAN FOODS LIMITED

## Directors' Review

The directors are pleased to present the financial information for the first quarter ended March 31, 2013. In difficult operating environment, the Company's sales grew by 19%. Gross margin improved due to positive change in the sales mix. This helped to fund 35% higher investment in advertisement and promotion to counter high spend levels by competition. Profit after tax grew by 36%, also a result of better overhead cost absorption.

### Financial Highlights

	Quarter Ended March 31		Increase %
	2013 Rs '000	2012	
Net Sales	1,743,216	1,466,351	19%
Profit before taxation	379,168	281,785	35%
Profit after taxation	254,888	187,942	36%
Earnings per share (Rs.)	41.39	30.52	36%

### Future Outlook

External factors e.g. worsening security environment, political uncertainty, inflation, currency depreciation and power crisis continue to create a challenging environment for the business. We will continue to focus on consumer relevant innovations, offer better value products and invest in building stronger brands to overcome competition, intensity of which is growing.

On behalf of the Board

**Fariyha Subhani**  
Chief Executive

Karachi  
April 23, 2013

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2013

	Note	Unaudited March 31, 2013 Rupees in thousand	Audited December 31, 2012
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	651,335	649,333
Intangible assets		81,637	81,637
Long term loans		20,982	22,477
Retirement benefit - prepayment		1,134	3,460
		<u>755,088</u>	<u>756,907</u>
<b>Current assets</b>			
Stores and spares		20,054	16,983
Stock in trade		701,980	750,374
Trade debts		206,408	146,113
Loans and advances		13,404	12,682
Trade deposits and short term prepayments		44,154	39,603
Other receivables		19,198	80,918
Cash and bank balances		715,464	201,902
		<u>1,720,662</u>	<u>1,248,575</u>
<b>Total assets</b>		<u><u>2,475,750</u></u>	<u><u>2,005,482</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		61,576	61,576
Reserves		784,257	529,369
		<u>845,833</u>	<u>590,945</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Retirement benefits - obligation		3,957	3,922
Deferred taxation		105,291	107,900
		<u>109,248</u>	<u>111,822</u>
<b>Current liabilities</b>			
Trade and other payables		1,276,303	1,213,083
Provisions		9,438	7,508
Sales tax payable		67,338	4,640
Accrued interest / mark up		988	895
Short term borrowings		64,562	64,897
Taxation - provision less payments		102,040	11,692
		<u>1,520,669</u>	<u>1,302,715</u>
<b>Total liabilities</b>		<u>1,629,917</u>	<u>1,414,537</u>
<b>Contingency and commitments</b>	4		
<b>Total equity and liabilities</b>		<u><u>2,475,750</u></u>	<u><u>2,005,482</u></u>

The annexed notes 1 to 8 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 QUARTER ENDED MARCH 31, 2013 - UNAUDITED

	March 31, 2013 Rupees in thousand	March 31, 2012
Sales	1,743,216	1,466,351
Cost of sales	(1,009,608)	(896,225)
Gross profit	733,608	570,126
Distribution cost	(299,714)	(253,721)
Administrative expenses	(35,191)	(34,191)
Other operating expenses	(28,540)	(22,901)
Other operating income	10,360	26,619
Profit from operations	380,523	285,932
Finance cost	(1,355)	(4,147)
Profit before taxation	379,168	281,785
Taxation	(124,280)	(93,843)
Profit after taxation	254,888	187,942
Other comprehensive income	-	-
Total comprehensive income	254,888	187,942
Basic and diluted earnings per share (Rupees)	41.39	30.52

The annexed notes 1 to 8 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 QUARTER ENDED MARCH 31, 2013 - UNAUDITED

	Note	March 31, 2013 Rupees in thousand	March 31, 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations		562,813	567,619
Mark up paid		(123)	(4,074)
Income tax paid		(36,541)	(55,833)
Decrease / (Increase) in long term loans		1,495	(2,224)
Decrease / (Increase) in long term prepayment		-	2,894
Net cash from operating activities		527,644	508,382
<b>CASH USED IN INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(14,977)	(16,587)
Sale proceeds on property, plant and equipment		-	-
Return received on savings accounts		1,230	8,670
Net cash used in investing activities		(13,747)	(7,917)
<b>CASH USED IN FINANCING ACTIVITIES</b>			
Dividends paid		-	-
Net increase in cash and cash equivalents		513,897	500,465
Cash and cash equivalents at the beginning of the period		137,005	(1,314)
Cash and cash equivalents at the end of the period	5	650,902	499,151

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**Fariyha Subhani**  
Chief Executive

**Ali Tariq**  
Director & Chief Financial Officer

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED MARCH 31, 2013 - UNAUDITED

	SHARE CAPITAL	RESERVES				TOTAL	
		CAPITAL		REVENUE		SUB	
		Share Premium	Special	General	Unappropriated Profit	TOTAL	
	← Rupees in thousand →						
Balance as at January 1, 2012	61,576	24,630	628	138	404,563	429,959	491,535
Total comprehensive income for the quarter ended March 31, 2012	-	-	-	-	187,942	187,942	187,942
Final dividend for the year ended December 31, 2011 @ Rs 50 per share	-	-	-	-	(307,881)	(307,881)	(307,881)
Balance as at March 31, 2012	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>284,624</u>	<u>310,020</u>	<u>371,596</u>
<b>Balance as at December 31, 2012</b>	<b>61,576</b>	<b>24,630</b>	<b>628</b>	<b>138</b>	<b>503,973</b>	<b>529,369</b>	<b>590,945</b>
Total comprehensive income for the quarter ended March 31, 2013	-	-	-	-	254,888	254,888	254,888
Balance as at March 31, 2013	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>758,861</u>	<u>784,257</u>	<u>845,833</u>

The annexed notes 1 to 8 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 QUARTER ENDED MARCH 31, 2013 - UNAUDITED

### 1. BASIS OF PREPARATION

This condensed interim financial information of Unilever Pakistan Foods Limited for the quarter ended March 31, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information is being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of Karachi and Lahore stock exchanges.

### 2. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2012 except as explained in note 2.1.

#### 2.1 Change in accounting standards, interpretations and pronouncements

IAS 19 (Amendment) – 'Employee Benefits' is applicable for the company from January 1, 2013. It eliminates the corridor approach and recognizes all actuarial gains and losses in the other comprehensive income as they occur, immediately recognizes all past service costs and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset. The change is not material and therefore is not reflected in this condensed interim financial information of the Company.

### 3. PROPERTY, PLANT AND EQUIPMENT

	Unaudited March 31, 2013	Audited December 31, 2012
Operating assets - at net book value	596,428	609,403
Capital work in progress - at cost	54,907	39,930
	<u>651,335</u>	<u>649,333</u>

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

	Additions ( at cost )		Disposals ( at cost )	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Building on freehold land	398	840	-	-
Plant and machinery	14,579	2,582	-	-
Electrical, mechanical and office equipment	-	13,469	-	-
Motor vehicles	-	-	-	-
	<u>14,977</u>	<u>16,891</u>	<u>-</u>	<u>-</u>



#### 4. CONTINGENCIES AND COMMITMENTS

##### 4.1 Contingencies

The Officer of Inland Revenue while finalising the assessments for the tax years 2009 and 2010, disallowed tax payments of Rs. 35.73 million. The company has filed appeals before the Commissioner of Inland Revenue - Appeals. The company's management is of the view that the disallowances were erroneous and, therefore, the ultimate decision in appeals will likely be in the company's favour. No provision has, therefore, been made in the financial statements.

##### 4.2 Commitments

Aggregate commitments for the capital expenditure outstanding as at March 31, 2013 amounted to Rs. 9.15 million ( December 31, 2012: Rs. 13.54 million ).

	Unaudited March 31, 2013 (Rupees in thousand)	Audited December 31, 2012
<b>5. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	715,464	201,902
Short term borrowings	(64,562)	(64,897)
	<u>650,902</u>	<u>137,005</u>

#### 6. RELATED PARTY TRANSACTIONS

Significant related party transactions during the period are as follows :

Relationship with the company	Nature of transactions	March 31, 2013 (Rupees in thousand)	March 31, 2012
i) Holding company	Royalty	14,469	12,288
ii) Other related parties	Technology fee	19,313	16,199
	Purchase of goods	303,219	204,229
	Sale of goods	8,369	4,624
	Fee for receiving of services from related parties	47,091	51,087
	Fee for providing of services to related parties	3,270	12,008
	Contribution to:		
	- Defined Contribution plans	3,088	1,532
	Settlement on behalf of:		
	- Defined Contribution plans	-	5,377
	- Defined Benefit plans	-	2,934
	Receipts from Defined Contribution plans	10,492	3,489
iii) Key management personnel	Salaries and other short-term employee benefits	1,677	886

## **7. PROPOSED AND DECLARED DIVIDENDS**

### **Final Dividend**

At the Board of Directors' meeting held on February 21, 2013, a final dividend in respect of 2012 of Rs. 66 per share amounting to a total dividend of Rs. 406.40million was proposed (2012: Rs. 50 per share amounting to a total dividend of Rs. 307.88 million) and approved by the shareholders of the Company in the Annual General Meeting held on April 18, 2013.

## **8. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on April 23, 2013 by the Board of Directors of the Company.

**Fariyha Subhani**  
Chief Executive

**Ali Tariq**  
Director & Chief Financial Officer



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