



UNILEVER PAKISTAN FOODS LIMITED

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



UNILEVER PAKISTAN FOODS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Ehsan A. Malik	Chairman
Ms. Fariyha Subhani	Chief Executive Officer
Mr. Ali Tariq	Director / Chief Financial Officer
Mian Zulfikar H. Mannoo	Director
Mian M. Adil Mannoo	Director
Mr. Kamal Mannoo	Director
Mr. Badaruddin F. Vellani	Director
Ms. Shazia Syed	Director
Mr. Noman A. Lutfi	Director

COMPANY SECRETARY

Mr. Amar Naseer

AUDIT COMMITTEE

Mian Zulfikar H. Mannoo	Chairman
Mian M. Adil Mannoo	Member
Mr. Noman A. 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

Famco Associates (Pvt) Limited
State Life Building No. 1-A
I.I. Chundrigar Road
Karachi.

WEBSITE ADDRESS

www.unileverpakistan.com.pk
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	2012	
	Rs '000		
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	Audited December 31, 2012
Rupees in thousand			
ASSETS			
Non-current assets			
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>
Current assets			
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>
Total assets		<u><u>2,475,750</u></u>	<u><u>2,005,482</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		61,576	61,576
Reserves		784,257	529,369
		<u>845,833</u>	<u>590,945</u>
LIABILITIES			
Non-current liabilities			
Retirement benefits - obligation		3,957	3,922
Deferred taxation		105,291	107,900
		<u>109,248</u>	<u>111,822</u>
Current liabilities			
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>
Total liabilities		<u>1,629,917</u>	<u>1,414,537</u>
Contingency and commitments	4		
Total equity and liabilities		<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	March 31, 2012
	Rupees in thousand	
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
CASH FLOWS FROM OPERATING ACTIVITIES			
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		<u>527,644</u>	<u>508,382</u>
CASH USED IN INVESTING ACTIVITIES			
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		<u>(13,747)</u>	<u>(7,917)</u>
CASH USED IN FINANCING ACTIVITIES			
Dividends paid		-	-
Net increase in cash and cash equivalents		<u>513,897</u>	<u>500,465</u>
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	<u><u>650,902</u></u>	<u><u>499,151</u></u>

The annexed notes 1 to 8 form an integral part of this condensed interim financial information.

UNILEVER PAKISTAN FOODS LIMITED

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

	SHARE CAPITAL	RESERVES				SUB TOTAL	TOTAL
		CAPITAL		REVENUE			
		Share Premium	Special	General	Unappropriated Profit		
← 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>
Balance as at December 31, 2012	61,576	24,630	628	138	503,973	529,369	590,945
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>

(Rupees in thousand)

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).

5. CASH AND CASH EQUIVALENTS

	Unaudited March 31, 2013	Audited December 31, 2012
	(Rupees in thousand)	
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	March 31, 2012
		(Rupees in thousand)	
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.



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