



UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED MARCH 31, 2014



UNILEVER PAKISTAN FOODS LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Kamran Y. Mirza	Independent Director & Chairman of the Board
Ms. Fariyha Subhani	Executive Director & Chief Executive Officer
Mr. Ali Tariq	Executive Director & CFO
Mr. Ehsan A. Malik	Executive Director
Mr. Zulfikar Monnoo	Non-Executive Director
Mian M. Adil Monnoo	Non-Executive Director
Mr. Kamal Monnoo	Non-Executive Director
Mr. Badaruddin F. Vellani	Non-Executive Director
Ms. Shazia Syed	Non-Executive Director

COMPANY SECRETARY

Mr. Amar Naseer

AUDIT COMMITTEE

Mr. Zulfikar Monnoo	Chairman & Member
Mian M. Adil Monnoo	Member
Mr. Badaruddin F. Vellani	Member
Mr. Azhar Shahid	Secretary & Head of Internal Audit

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Zulfikar Monnoo	Chairman & Member
Mr. Kamal Monnoo	Member
Mr. Ehsan A. Malik	Member
Mr. Amar Naseer	Company Secretary

AUDITORS

M/s KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2,
Beaumont Road Karachi - 75530
Pakistan

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 Shahra-e-Faisal, Karachi - 74400

WEBSITE ADDRESS

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

UNILEVER PAKISTAN FOODS LIMITED

Directors' Review

Directors' Review

The directors are pleased to present the financial information for the first quarter ended March 31, 2014. Despite a difficult operating environment, the Company grew by 12%. This has been on the back of successful innovations, sustained investment in advertising and promotion and world class customer service. EPS grew by 15% as a result of our continued focus on delivering cost efficiencies.

Financial Highlights	Three Months ended March 31,		Increase
	2014	2013	
	Rs '000		
Net Sales	1,951,390	1,743,216	12%
Profit before Taxation	423,427	379,168	12%
Profit after Taxation	293,458	254,888	15%
Earnings per Share (Rs.)	47.66	41.39	15%

Future Outlook

Inflation, fragile security environment, volatile currency 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
April 24, 2014

UNILEVER PAKISTAN FOODS LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2014

	Note	Unaudited March 31, 2014 (Rupees in thousand)	Audited December 31, 2013
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,039,345	1,020,414
Intangible assets		81,637	81,637
Long term loans		16,269	18,558
Retirement benefit - prepayment		453	705
		<u>1,137,704</u>	<u>1,121,314</u>
Current assets			
Stores and spares		22,924	22,229
Stock in trade		701,085	594,105
Trade debts		216,286	182,797
Loans and advances		17,413	16,865
Trade deposits and short term prepayments		42,721	49,212
Other receivables		16,980	19,843
Sales tax refundable		1,178	36,067
Cash and bank balances		836,461	283,754
		<u>1,855,048</u>	<u>1,204,872</u>
Total assets		<u>2,992,752</u>	<u>2,326,186</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		61,576	61,576
Reserves		681,611	388,153
		<u>743,187</u>	<u>449,729</u>
LIABILITIES			
Non-current liabilities			
Retirement benefits - obligation		4,326	4,328
Deferred taxation		106,655	107,594
		<u>110,981</u>	<u>111,922</u>
Current liabilities			
Trade and other payables		2,084,868	1,716,409
Provision	5	17,305	15,942
Accrued interest / mark-up		777	863
Taxation - provision less payments		35,634	6,160
Short term borrowings		-	25,161
		<u>2,138,584</u>	<u>1,764,535</u>
Total liabilities		<u>2,249,565</u>	<u>1,876,457</u>
Contingencies and commitments	6		
Total equity and liabilities		<u>2,992,752</u>	<u>2,326,186</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 THREE MONTHS ENDED MARCH 31, 2014 - UNAUDITED

	March 31, 2014	March 31, 2013
	(Rupees in thousand)	
Sales	1,951,390	1,743,216
Cost of sales	(1,132,113)	(1,009,608)
Gross profit	819,277	733,608
Distribution cost	(337,009)	(299,714)
Administrative expenses	(36,425)	(35,191)
Other operating expenses	(31,653)	(28,540)
Other income	14,125	10,360
Profit from operations	428,315	380,523
Finance cost	(4,888)	(1,355)
Profit before taxation	423,427	379,168
Taxation		
- current	(130,908)	(126,889)
- deferred	939	2,609
	(129,969)	(124,280)
Profit after taxation	293,458	254,888
Other comprehensive income	-	-
Total comprehensive income	293,458	254,888
Basic and diluted earnings per share (Rupees)	47.66	41.39

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 THREE MONTHS ENDED MARCH 31, 2014 - UNAUDITED

	Note	March 31, 2014	March 31, 2013
		(Rupees in thousand)	
Cash generated from operations		707,678	562,813
Mark-up paid on short term borrowings		(3,302)	(123)
Income tax paid		(101,434)	(36,541)
Decrease in long term loans		2,289	1,495
Decrease in retirement benefits obligations		252	-
Net cash from operating activities		605,483	527,644
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(32,206)	(14,977)
Return received on savings and deposit accounts		4,591	1,230
Net cash used in investing activities		(27,615)	(13,747)
CASH FLOW USED IN FINANCING ACTIVITY			
		-	-
Net increase in cash and cash equivalents		577,868	513,897
Cash and cash equivalents at the beginning of the period		258,593	137,005
Cash and cash equivalents at the end of the period	7	836,461	650,902

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 THREE MONTHS ENDED MARCH 31, 2014 - UNAUDITED

	SHARE CAPITAL	RESERVES				SUB TOTAL	TOTAL
		CAPITAL		REVENUE			
		Share Premium	Special	General	Unappropriated Profit		
← (Rupees in thousand) →							
Balance as at January 1, 2014	61,576	24,630	628	138	362,757	388,153	449,729
Total comprehensive income for the three months ended March 31, 2014	-	-	-	-	293,458	293,458	293,458
Balance as at March 31, 2014	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>656,215</u>	<u>681,611</u>	<u>743,187</u>
Balance as at January 1, 2013	61,576	24,630	628	138	503,973	529,369	590,945
Total comprehensive income for the three months 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 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 THREE MONTHS ENDED MARCH 31, 2014 - UNAUDITED

1. BASIS OF PREPARATION

This condensed interim financial information of Unilever Pakistan Foods Limited (the Company) for the three months March 31, 2014 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, 2013.

There are certain new and ammended standards and interpretations that have been published and are mandatory for the accounting periods beginning on and after January 1, 2014 but are considered not to be relevant or did not have significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial information.

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, 2013.

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, 2013.

4. PROPERTY, PLANT AND EQUIPMENT

Operating assets - at net book value

Capital work in progress - at cost

Unaudited	Audited
March 31,	December 31,
2014	2013
(Rupees in thousand)	

642,391	635,064
396,954	385,350
<u>1,039,345</u>	<u>1,020,414</u>

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

	Additions (at cost)		Disposals (at net book value)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	← (Rupees in thousand) →			
Building on freehold land	10,060	398	-	-
Plant and machinery	10,542	14,579	-	-
	<u>20,602</u>	<u>14,977</u>	<u>-</u>	<u>-</u>

	Unaudited	Audited
	March 31, 2014	December 31, 2013
5. PROVISIONS		
Sindh Infrastructure Cess - note 5.1	11,892	10,529
Restructuring	5,413	5,413
	<u>17,305</u>	<u>15,942</u>

5.1 The change represents charge during the period.

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, 2013.

6.2 Commitments

The commitments for capital expenditure outstanding as at March 31, 2014 amounted to Rs. 371 million (December 31, 2013: Rs. 94.39 million).

	Unaudited	Unaudited
	March 31, 2014	March 31, 2013
	(Rupees in thousand)	
7. CASH AND CASH EQUIVALENTS		
Cash and bank balances	836,461	715,464
Short term borrowings	-	(64,562)
	<u>836,461</u>	<u>650,902</u>

8. RELATED PARTY TRANSACTIONS

Significant related party transactions during the period are as follows:

Relationship with the company	Nature of transactions	March 31, 2014	March 31, 2013
(Rupees in thousand)			
i) Holding company	Royalty	64,248	14,469
ii) Other related parties	Technology fee	32,339	19,313
	Purchase of goods	388,242	303,219
	Sale of goods	5,145	8,369
	Fee for receiving of services from related parties	51,454	47,091
	Fee for providing of services to related parties	6,904	3,270
	Contribution to:		
	- Defined Contribution plan	3,881	3,088
	Settlement on behalf of:		
	- Defined Contribution plan	977	-
	Receipts from Defined Contribution plan	787	10,492
iii) Key management personnel	Salaries and other short-term employee benefits	2,253	1,677

9. DECLARED AND PROPOSED DIVIDENDS

FINAL DIVIDEND

At the Board of Directors' meeting held on March 5, 2014, a final dividend in respect of 2013 of Rs. 42.28 per share amounting to a total of Rs. 260.34 million was proposed (2012: Rs. 66 per share amounting to a total of Rs. 406.4 million) and approved by the shareholders of the Company in the Annual General Meeting held on April 17, 2014.

This condensed interim financial information does not reflect the final 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, 2014.

10. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 24, 2014 by the Board of Directors of the Company.

Fariyha Subhani
Chief Executive

Ali Tariq
Director & Chief Financial Officer



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